

The Cornell

HOTEL AND RESTAURANT ADMINISTRATION

Quarterly

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Market Strategy

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SCHOOL OF HOTEL ADMINISTRATION • CORNELL UNIVERSITY • ITHACA, N.Y.

"Dean" of Hotel Sales Managers



ADRIAN PHILLIPS is executive vice president of the Hotel Sales Management Association, an international organization founded in 1927, which now has some 1,600 members active in the hotel industry of North, South, and Central America, Europe, Asia, Africa, and the Caribbean. Affectionately known among hotel sales managers as their "dean," Mr. Phillips has been chief administrative officer of HSMA since 1952 and is widely credited with building up the strength and services of this organization.

In 1940, when HSMA began to sponsor a sales promotion course in Cornell's School of Hotel Administration, the program was initiated by Adrian Phillips, who was national president in 1941. He has conducted this course regularly at Cornell for the past twenty years. To mark the occasion of his twentieth year as "dean" of the

Cornell sales course, the members of HSMA established the Adrian Phillips Scholarship in the School of Hotel Administration in 1961. Hundreds of students at Cornell have benefited through the instruction arranged by Mr. Phillips. He was elected an honorary member of Ye Hosts, the School's honor society, a distinction shared by such eminent hotel personalities as Mrs. E. M. Statler, H. B. Callis, Ernest Henderson, and Conrad Hilton.

Mr. Phillips holds an LL.B. degree from the Dickinson Law School, Carlisle, Pa. As a youth, he worked in his aunt's hotel in Atlantic City and he has been actively engaged in the hotel business since 1922. He established and headed the sales department at Chalfonte-Haddon Hall, served as a member of the hotel's executive committee, and helped manage this property until the military occupation of Atlantic City hotels in 1942. He then joined Hotel Morton in its service to the U.S. Coast Guard during the war and continued, as manager, in re-opening it for civilian business. Subsequently he owned and operated a small resort property outside of Asheville, N.C., until he was "drafted" into his present position in 1952.

Author of numerous articles on hotel subjects and editor of HSMA's monthly magazine, Mr. Phillips is also active in both community and civic affairs in Atlantic City. Even as far back as 1932, a news item published in the *Atlantic City Press* concerning his many civic contributions required a half-yard of fine print to list the projects he had launched or taken an active interest in. For years he has been on the board of directors of the "Miss America" Project.

The Editorial Board of *The Quarterly* takes pleasure in presenting this tribute to Adrian Phillips in this number relating to advertising and sales promotion.

An Editorial . . .

Competition is the keystone of the American free enterprise economy system. The organization which offers better service, better quality, and better value at a reasonable cost is usually the one that flourishes. However, many individual organizations in the service industries have progressed to the point today where such differences in these items become relative. If a business enterprise is to survive and to progress, it must look to the area of sales promotion and advertising. The best way to present its wares now takes on added importance.



In the School of Hotel Administration at Cornell University courses of instruction in the fields of advertising and business promotion have been offered for many years. Two of the School's outstanding alumni, Mr. H. Victor Grohmann and Mr. Albert E. Koehl, have devoted their lives to these fields. For more than a score of years they have returned regularly to the School to present courses in advertising and promotion. Another leader in the field, Mr. Adrian Phillips, has offered courses at Cornell in sales promotion for twenty years. In addition, many other leaders in this area have come to the campus as visiting lecturers to share their experience and knowledge with our student body.

This issue of the *Quarterly* offers its readers articles of significance in this most important aspect of our industry.

Robert A. Beck

The Cornell

HOTEL AND RESTAURANT ADMINISTRATION

Quarterly

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THE CORNELL HOTEL AND RESTAURANT ADMINISTRATION QUARTERLY is devoted to disseminating technical knowledge and research relating to hotels, motels, restaurants, clubs, industrial feeding, hospitals, and institutions generally.



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*The opinions expressed herein are those of authors
and not necessarily those of Cornell University.*



to More Successful Advertising

Needham & Grohmann, Inc.

1. **Devote more time to advertising and business promotion.** Operation and sales are now of equal importance in profitable hotel operation. Sales and advertising programs should be intelligently planned and properly executed to maintain a high volume of business.

✓ Don't consider it a necessary evil and try to take care of it in as little time as possible.

✓ Hold frequent meetings as manager with

Your sales manager concerning:

Outside sales: conventions, private functions, etc.

Internal promotion: your "captive audience."

Your front office staff concerning:

Reservations and occupancy trends.

Correspondence, especially your replies to inquiries.

Your advertising agency.

Travel agents—an increasing source of business, especially for resorts.

✓ Don't limit planning of your advertising and promotion to one meeting a month. It is a day-to-day job that requires constant watching and checking to keep up with ever-changing trends.

✓ As manager, be your hotel's top salesman. Your enthusiasm and guidance—from the top—should permeate the whole organization. While the manager should not try to be "the salesman," he should set the pace by providing a good example.

2. **Spend enough money on advertising and business promotion.** Re-assess your advertising budget periodically. Are you spending enough time and money on your advertising and business promotion to achieve maximum results? Many hotelmen base their budgets on a percentage of sales used by similar hotels. Generally speaking,

- The larger the hotel, the greater % spent for advertising.
- The higher the rates, the greater % spent on advertising.
- It costs more to sell luxurious accommodations.

3. **Study your own hotel and its services:**

✓ Analyze its inherent advantages as to location, facilities, atmosphere, size, reputation.

✓Determine its disadvantages, in relation to other hotels.

It's easy to sell a good hotel for it has a high percentage of repeat guests.
You cannot sell a poor hotel continuously.
Be honest in your self appraisal.
Discuss weaknesses with the owners and management in an effort to improve and overcome disadvantages.

✓Capitalize on your location or atmosphere. Don't confine your selling to these attractions, but sell your hotel in relation to them.

✓Re-evaluate your hotel constantly:

Is it a good product—modern, up to date, salable?
Does it have a good local reputation?
Is it a good value at your rates? (*This is one of the most important factors today, even in luxury hotels.*)
Is your food comparable or superior to that of other restaurants? (*Check the menus of all competitive restaurants.*)
Is your service what it should be? (*Get reports from guest surveys periodically.*)

4. **Re-appraise your advertising program regularly.** There is no magic formula for successful advertising. Often several methods are productive. A good program requires hard work and constant attention.

✓No two hotels are alike. What works successfully for others may not work for your hotel. Each hotel presents an individual problem so far as:

Character and clientele.
Location.
Size and type of building.
Accommodations and service.
Rate structure.

✓Competition and markets vary constantly.

Guests are not as loyal as you think. Surveys show that often the so-called "loyal guest" really prefers another hotel. You must have a constant flow of new business.

5. **Analyze your potential market.**

✓Check registration statistics for rooms. Increase your natural flow of business rather than exploit other markets. Sources of business are not always obvious. Check seasonal trends for times when people visit your hotel.

✓Make registration and sales figures available to your sales manager and your advertising agency. This will be of great help to them.

✓Analyze your competition for room business:

Local—other hotels, motels, and clubs.
Nearby cities, especially for tourists.
Resorts, remember, compete with all other resorts.

✓Study your competition for food business:

Local—other hotels, restaurants, and clubs.
County or area for banquet business, etc.

✓Check all other competition for conventions, meetings, and other private functions, both business and social.

6. **Study all available methods and media to reach this market.**

✓ Eliminate all but recognized and proven media. Too much money can be wasted on non-productive advertising. Set up a special fund, "Gifts and Contributions," to advertise in charitable programs but don't run the advertisement for the hotel.

✓ Study advantages of all media as no one type is best for all hotels:

Newspapers, for timeliness.

Magazines, for wide readership.

Outdoor bulletins, for tourist business.

Also use radio, television, direct mail, printed matter and publicity.

7. **Formulate a definite plan for your advertising.** Plan for at least one year in advance and preferably for three to five years. Advertising is cumulative in effect. Continuity is imperative. Like a snowball, advertising gains momentum rolling but diminishes standing still.

8. **Integrate this plan with other departments in your hotel.** Sell the entire staff on your program to build enthusiasm and get complete cooperation. Work closely with your guest history department. And, of course, with your sales and convention department.

9. **Coordinate all advertising and printed promotion material.**

Hotelmen ask: *What can I do with my hotel advertising:*

To make it different and distinctive?

To make it reflect the true character of our hotel?

To portray properly the individuality of our services and accommodations?

To make it as productive as possible?

The answer is originality and coordination of all advertising and promotion material in motif, design, and color. This means an individual creation for the hotel itself (or the chain) and for an individual or specialty restaurant. Hotelmen too often copy what other hotels have done. Each hotel presents an individual problem. What works for one hotel will not work for all hotels.

✓ Begin by creating a distinctive logotype and type style for letterheads, post cards, folders, advertisements, menu covers, and internal promotion. It costs no more when produced as part of a whole program created by an advertising agency and when printed in combination is often cheaper.

✓ Based on the fundamental premises of all good advertising, the constant repetition of mental impressions brings about the desired result. Moreover, it has an immediate effect on the public. People are quick to notice and appreciate the professional approach to color harmony and association of ideas and design.

✓ All hotels can use coordinated promotion, regardless of size. The large hotel may plan for the hotel itself, its various restaurants, and for individual shows or entertainment. The small hotel can use coordination, even if only in its letterheads, menus, match covers, registration cards, paper napkins and doilies.

10. **Execute this plan in cooperation with your advertising agency.**

Conceive your copy "theme."

Create your art pattern (logotype, crest or symbol and colors).

Work out advertising schedules.

Develop direct mail material.

Keep everlastingly at it by means of repetition and continuity.

Scientific Hotel Marketing Through

Occupancy Analysis

James E. Butler

Director of Profit Programming, Sheraton Corporation of America

Have you ever heard anyone bemoan the loss or the passing of the good old days . . . the good old days of the salesman . . . or, to be more specific, the hotel salesman? The good old days of golf several afternoons a week, cocktail parties on the off nights and long leisurely vacations in the summer time when there was no point in selling because there was no one buying have become "*a la recherche du temps perdu*."

Today those salesmen who are still capable of selling hotels have reluctantly taken their feet off the desk, given up their golf game, cut down on the cocktail parties and actually started to sell in the summer time, as well as in the fall, winter and spring. They have to!

Why? . . . First of all, the hotel industry is in a buyer's market. Secondly, the motor hotel and new downtown hotels have made the customer realize that he doesn't have to put up with the inconveniences and insults

and the lack of service, which characterized many of the old established hotels before the advent of these new properties.

The sophisticated hotel visitor today, as a conventioneer . . . through the magic of fast transportation, can pick and choose for his gathering just about any city in the United States, Canada and the various surrounding island resorts. All of these cities are clamoring for his business, using every gimmick in the book to attract him . . . and his money!

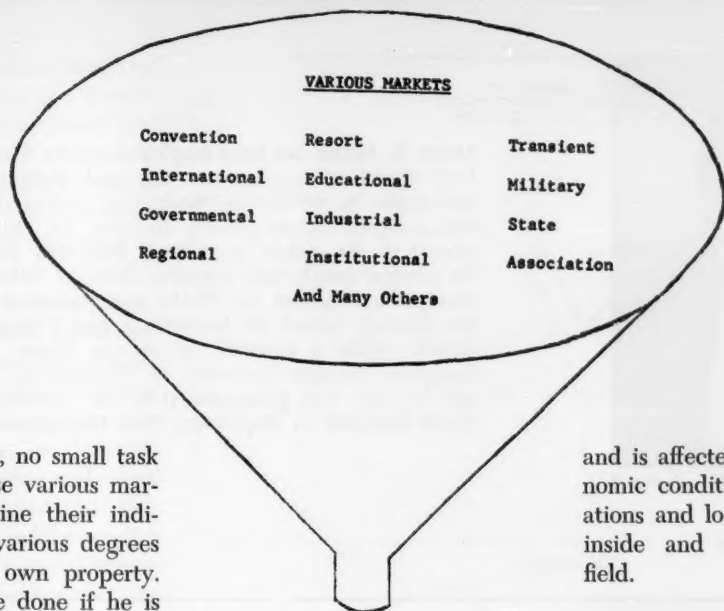
After the city is chosen, this same conventioneer usually has a wide choice of hotels in which to stay . . . whether he desires luxury, convenience, price or whatever. This same choice of city and of hotel is given to the transient guest . . . whether he be on a business trip or visiting for pleasure.

Now that the hotel guest can select his city and his hotel, it is no wonder that the hotel salesman today bemoans the loss

or the passing of the good old days. He must pound the pavements, rush down the highways and jet through the airways. He must use his advertising skill, public relations tricks and the many and various types of sales promotion to prove to the prospective guest that his hotel is the finest, the best, the most conveniently located and one that is blessed with the properly priced rooms to fit his pocket-book.

The Hotel Market

Under these conditions, the more sophisticated hotel salesman goes beyond the mere plugging of his product. He studies the effect that the convention markets, the transient markets, the local markets, the resort markets . . . or the seasonal markets . . . or the industrial, educational, governmental and other markets . . . have upon the national and local hotel market and the market for his particular property.



It is, of course, no small task to weed out these various markets and determine their individual value or various degrees of value to his own property. But this must be done if he is to determine where his time should be spent and where his advertising and promotional money should go, and in what proportions.

Not only is it necessary to determine how these markets affect his hotel, but it is also necessary to seek out and evaluate the outside factors which affect the potential value of all of these individual markets. It is also necessary for the salesman to make decisions as to the proper timing and type of programs that will attain his share of whatever business is available in any one or all of these markets. At the same time he hopes, of course, that his competitor will not yet have worked out a better and more productive plan that nullifies his own efforts.

In addition to analyzing the various markets mentioned earlier, in making his decisions regarding his plans to capture his share of these markets, the wise hotel salesman must also consider the internal profit. What effect does the division and productivity of his time have on selling rooms, food, beverages and the other odds and ends which the hotel has to offer?

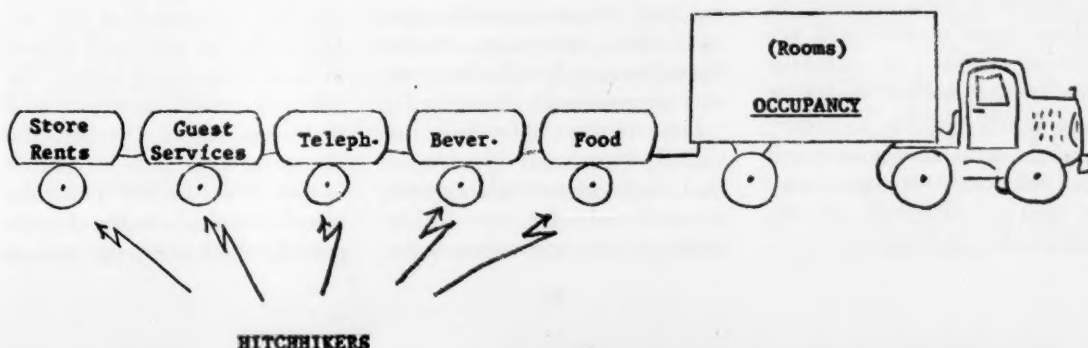
All of these problems and many other similar ones are those which the hotel salesman must face everyday. His selling function must be conducted in a variable market which, by nature, changes not only by seasons, but by months . . . by weeks . . . and even by days . . .

and is affected by national economic conditions, regional situations and local problems—both inside and outside the hotel field.

Occupancy Is All-Important

To the harried sales executive, who must face and combat all the aforementioned problems and still keep his eye on the *over-all* effect of his sales effort on his hotel, we suggest that he use as his guide and bible the old-fashioned thermometer of the hotel industry—occupancy!

All the different markets—however varied by time, competition or sales effort—all culminate in this common measuring stick of the industry and become the primary determinant in the destiny of a hotel. All other marketable hotel facilities—food, beverages or whatever, with few exceptions—are merely unwanted hitch-hikers by comparison with the importance of occupancy.





Fabian Bachrach

James E. Butler has been employed by the Sheraton Corporation of America for the past eight years, principally in forecasting, budgeting, statistical and cost analysis. Before joining Sheraton, he was employed in the public accounting field and worked for several hotels and country clubs. A native of Montpelier, Vermont, Mr. Butler was graduated from the Bentley School of Accounting and Finance in Boston, holds a bachelor of science degree from Benjamin Franklin University in Washington, D.C., and he also was graduated from the Institute for Trend Research in Hopkinton, New Hampshire.

Without occupancy to provide the customers, all other marketable hotel services for the most part are useless or ineffective as profit producing activities. In other words, to paraphrase the political, "As occupancy goes, so goes your hotel."

Accepting occupancy as the single most important indicator of the health of your hotel means that every effort should be made to understand why its level is constantly changing and to isolate, if possible, the reasons for the changes.

One method used in this effort is to study past patterns of occupancy behavior and evaluate how natural economic forces affected these patterns, as well as how they were modified by various types of sales and advertising effort at different times. This method makes it more nearly possible to understand the occupancy market and how its repetitive patterns may be used to advantage by the wide-awake salesman.

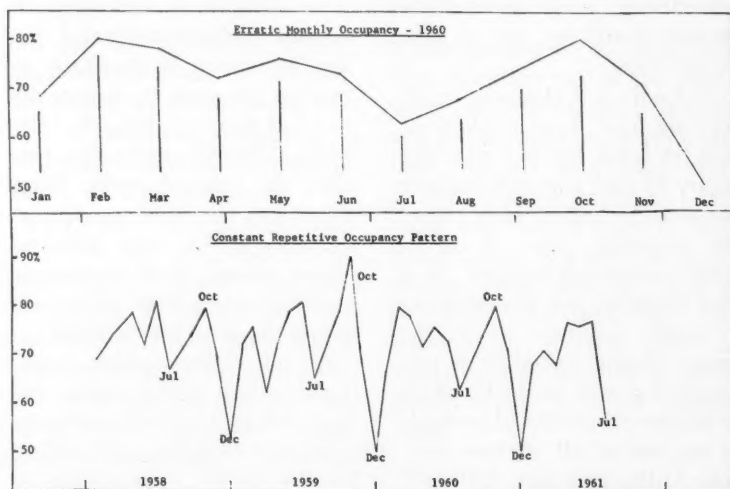


Figure I

In this connection, it is assumed that all hotel salesmen are acutely aware of the erratic but fairly constant monthly pattern that occupancy traces throughout each calendar year on a seasonal basis. (See Fig. I.)

Most commercial hotels, in the United States and Canada at least, make two complete cycles in each calendar year. They have two high points—one in the

spring and one in the fall—and two extremely low points—one in July and one in December. The two low periods of July and December are very well defined in most commercial hotels. The fall peak usually manifests itself in the month of October. But the spring peak is more difficult to pin down to any particular month because of the Lenten period, which shifts the rush of

business from March to April, or vice versa. (See Fig. II.) Resort hotels, on the other hand, are apt to have only one cycle each year, with the high point coming perhaps in the summer and the low period occurring in winter.

The repetitive seasonal occupancy pattern which characterizes most commercial hotels, means that just about anyone can sell hotel space in October because of the great demand, but that it takes some real effort in planning and initiative to figure out ways of bolstering the occupancy in July and December. Actually, these are the key months of the year. All the business that you enjoy during the good months of the year can be dissipated by a poor showing in July and December. If you can raise each one of these months only six percentage points, you can raise your annual occupancy by one full point! This should not be too difficult when you consider that for every one hundred rooms available, six percentage points represent only the insignificant number of six additional rooms per night.

Whatever the type of hotel—commercial or resort—the recognition of the importance of the repetitive seasonal pattern of hotel occupancy, along with its reliabilities and its uncertainties in different periods of each year, provides the salesman with a valuable planning tool, one which will aid him in setting up his seasonal marketing program to best utilize his selling time and money budgets.

Importance of Occupancy Trend

This recognition, and the subsequent understanding of the

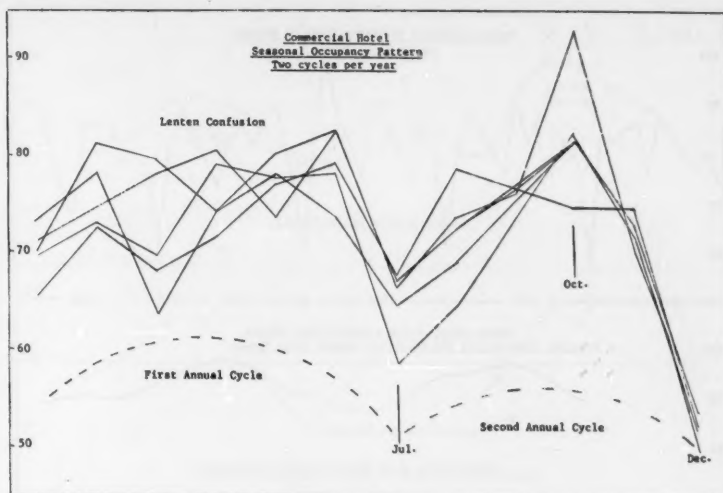


Figure II

importance of the repetitive seasonal pattern of occupancy, is extremely valuable. Yet, it is only a step in the right direction toward full realization of the longer range aspects of the occupancy market and its importance to the hotel salesman. For it is truly a longer range trend of occupancy that really determines the ultimate success of a hotel and the one which should receive a great deal of attention.

Detecting the longer range trend of occupancy is not easy. It is, of course, simple enough to assemble a series of occupancy figures in tabular form. But, looking at a set of such statistics which cover a period of years on a monthly basis marching across and up and down a sheet of paper in military orderliness often scares and confuses the ordinary reader and tends to obscure the longer range occupancy trend. Moreover, to the untrained eye that seeks for the longer range trend, a graph displaying the erratic path of monthly percentages of occupancy of the hotel over a period

of years may do nothing but confuse. Such a graph looks perhaps like a seismograph that has been recording a series of minor earthquakes. (See Fig. III Upper Section on page 10.)

To solve this problem of detecting the longer range occupancy trend as well as to eliminate the confusion caused by rows of figures or jagged looking graphs, it is necessary to construct a 12-month moving average trend. This is accomplished simply by adding the monthly occupancies together into a twelve month total at the end of each month of the period under study and then divide each of these totals by twelve.¹ This produces the "12-month moving average trend" desired. These resulting figures easily illustrate

¹ Among the statistical handbooks that present clear instructions for computing and using the "12-month moving average" is *Applied General Statistics* by F. E. Croxton and D. J. Cowden (Prentice-Hall Publishing Co., New York City, \$6.75), Chapter 14, pp. 326-339.—Editor

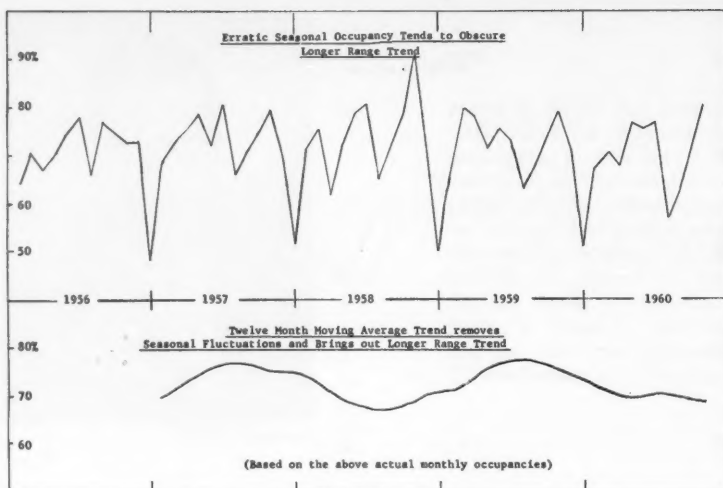


Figure III

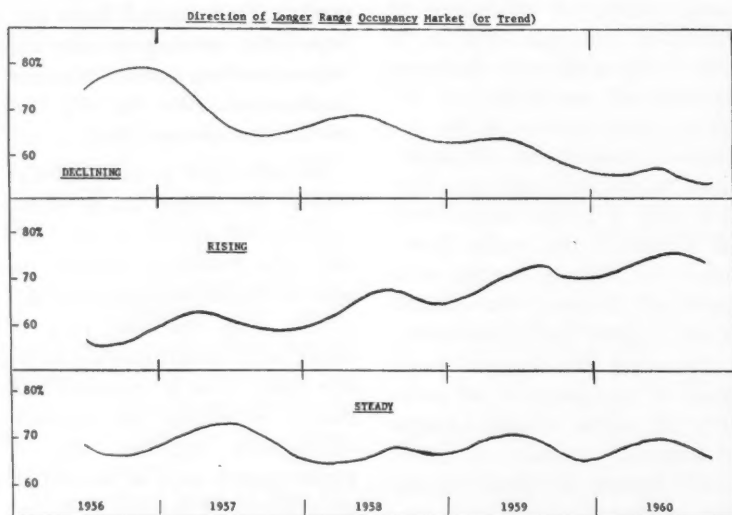


Figure IV

the past and current occupancy market by removing the seasonal fluctuations which tend to obscure the longer range trend. (See Fig. III Lower Section.)

This long range occupancy market or trend obviously has three basic possible directions of movement at any one time. It can be rising. It can be falling.

Or, it can be remaining steady. (See Fig. IV.) As we all know, the National Hotel Occupancy Market, as reported by Horwath & Horwath and Harris, Kerr, Forster, has registered an almost steady decline since the peak reached in 1946. I believe everyone recognizes this trend to be the result of many factors. Some

of the more important factors are the motor hotel influx, the many new hotels that have been constructed, the tendency toward the shorter work-week in many industries and the faster and more available means of transportation, to name just a few.

Because the national hotel trend has been downward since 1946 does not, of course, mean that all hotels have suffered these unfortunate circumstances. Many hotels, through good management and carefully organized and executed marketing programs, have not only resisted the downward trend but have approached and sometimes attained or even surpassed at times their 1946 highs.

Economic Factors

The economic forces which have tended to determine this longer range trend for any particular hotel covering a number of years have been generally localized and closely associated with several factors. Among them are the quality of management, the shifting of the local economic center of a city, the advent of stiffer competition, and the deterioration or build-up of major industrial plants or business activity in the surrounding area.

Good location, lasting tradition and forced referral business from more successfully managed hotels have in some cases counteracted adverse factors and have allowed a less well-managed hotel to survive the national hotel downward trend. Other hotels, as the result of the economic forces beyond their control, even with good management, have suffered substantial occupancy losses.

Constant analysis of the reasons for the long-range occupancy in any hotel is necessary for the desired growth in sales and the ever-important improvement in profits.

Intermediate Trend Important To Marketing

Whatever the situation—a long range rising trend, a long range declining trend or one that is remaining relatively steady over a period of years—the occupancy of most hotels passes through intermediate periods of rise and periods of decline. These periods usually vary in time from six to eighteen months, and are second only in importance to the longer range trend.

Such periods of change, which occur with a marked degree of regularity, are usually brought about by general economic trends, either national, regional or local, and, by reason of their underlying strength, these intermediate changes are difficult to buck or overcome. They should not, however, be considered as impossible to modify. A carefully worked-out marketing program which anticipates and gives recognition to these periods of rise and decline can offset them.

These intermediate rises and declines, lasting for six to eighteen months, ride on the back of the longer range trend and show up as "waves." These "waves" (or cycles, as they are more technically named) reflect the periods of rise and decline which are most important to good marketing strategy and are most subject to modification resulting therefrom.

To take full advantage of our knowledge of these cycles in a

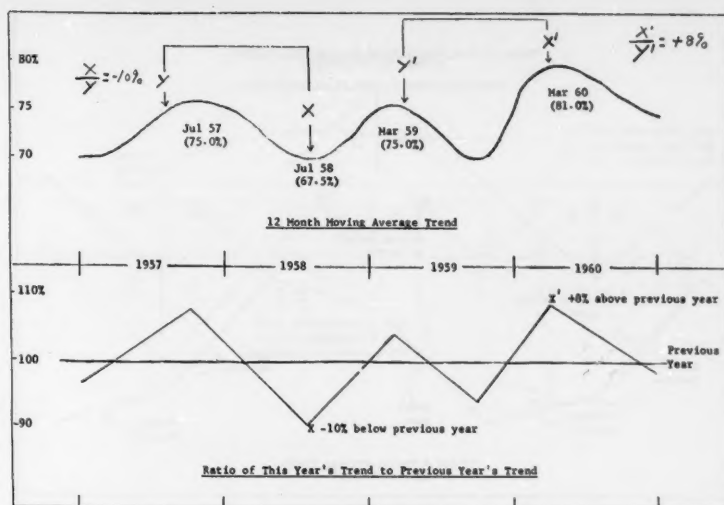


Figure V

sound marketing program, and to simplify their utilization as a workable tool, it is necessary to take one further technical step. This is to accentuate these cycles so that comparisons may be more easily made on a similar basis with other hotels, with the national or city-wide hotel trends and/or with trends of activity in other industries which affect the hotel industry.

Ratio Analysis

To create this accentuation in the cycles, a ratio or percentage relationship must be developed between the 12-month moving-average trend of each year, month by month, and the 12-month moving-average trend of the previous year, month by month.

For example, when the 12-month moving average trend of occupancy as of July, 1958 (67.5%) is divided by the 12-month moving average trend of occupancy as of July, 1957 (75%), a ten per cent (10%) decline is noted.

Likewise, when the 12-month

moving trend of occupancy as of March, 1960 (81%) is divided thus by the 12-month moving trend of occupancy as of March, 1959, (75%), an eight per cent (8%) rise is noted. (See Fig. V, Upper Section.)

Such ratios, as they are developed for each month and plotted in sequence as deviations from one hundred (100%)—or, in effect, from the previous year—provide a more clearly defined wave or cycle. (See Fig. V Lower Section.)

In the process they establish a common measuring device, necessary for proper analysis of a particular hotel's occupancy trend and simplify its comparison with other hotels, other industries, etc.

This type of ratio analysis provides the essential key for modifying, with a good marketing program, the detrimental aspects of the intermediate declines in trend which occur in most hotels and also to take full advantage of the intermediate rises that occur in the occupancy of most hotels.

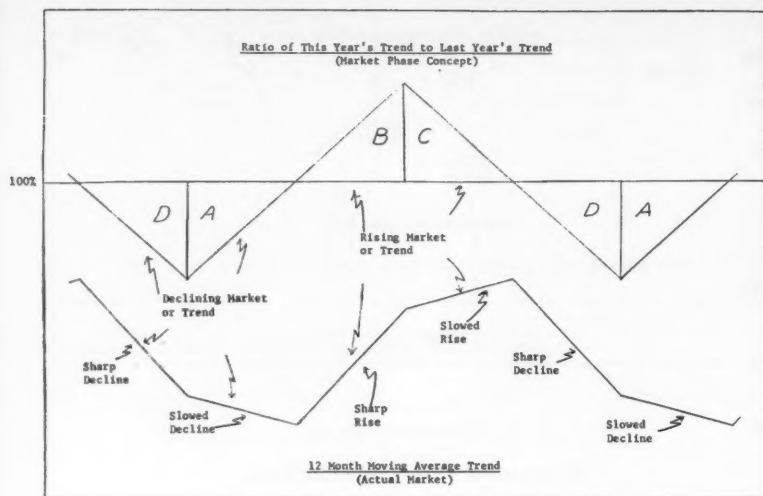


Figure VI

The Market Phase Concept

This key, expressed as a ratio of this year's trend to last year's trend, is labeled, "The Market Phase Concept." It divides the declining market or trend into two phases, D and A, and it further divides the rising market or trend into two phases, B and C. (See Fig. VI.)

By becoming aware of these four phases through which the market normally passes with a measurable degree of precision, and by understanding the philosophy which accompanies them, a sales executive can be aided materially in determining the proper marketing policy to follow prior to, as well as during these continually occurring intermediate occupancy cycles or waves.

A. The Market "Bottoms Out."

Phase A, the period when the decline in the market is actually slowing down but the outlook is blackest and business seems doomed to further troubles, is also the period when many salesmen get discouraged and

become pessimistic about the future.

Salesmen are blue because they do not recognize that this slowing down of the declining trend in the actual markets portends improvement. They may plan and execute their marketing tactics, at best, one month at a time—indecisively and usually ineffectively even then. They may postpone major marketing moves, waiting for some definite sign that the decline is over and improvement can be expected. When this sign does show, they usually are not prepared and must scramble to get organized.

On the other hand, if a salesman has been properly oriented in the "Market Phase Concept," he realizes when Phase A is in progress that business *will* soon be better, because the decline has started to decelerate. He recognizes his opportunity and proceeds with his planning for the future for many months ahead, knowing that normally it is only a matter of time until the market will pass in to Phase B (the period of rapidly rising

business) and catch up with his forward planning. He seizes the opportunity to get his program rolling ahead of the competition.

B. The Expanding Market. When Phase B begins and business is in reality better than the previous year and rising sharply, the poorly oriented salesman, because he could not look ahead, has waited too long and cannot take full advantage of the expanding market. The well-oriented salesman, on the other hand, now merely shifts in to high gear and executes his successful marketing plan, one which has been properly prepared and decided upon in Phase A (the period when business was still declining but at the decreased rate which portended improvement).

C. The Upswing Levels-off. When Phase C rolls around, the period when business is still improving but is losing its momentum, the knowledgeable salesman is making his plans for Phase D (the period when business is actually declining) while taking full advantage of the current trend.

The poorly informed salesman, who started his marketing campaign too late in Phase B, is *just now* rolling in to high gear . . . at last perhaps realizing some benefit from his hasty efforts . . . probably resting his heels on the desk not realizing that just around the corner in Phase D looms a declining market which he now should be preparing for.

D. The Sharp Decline. When the actual market starts to decline sharply and Phase D has arrived, the well-oriented salesman, because he understands the Market Phase Concept, is

not taken by surprise. His management has been well informed of trend possibilities, and the proper marketing policies which were worked out in advance are put into effect. The poorly oriented salesman, taken unawares, is forced into panic decisions which often times do little but increase marketing costs without improving the Company's competitive position. (See Fig. VII-A and VII-B.)

In brief . . . the importance of realizing what phase of the market you are in cannot be overlooked. Each phase, whether it be A, B, C or D, has its own philosophies and its own marketing psychologies. By recognizing the existence of the four phases of the market and how they operate, the possibility of modifying the effects of the intermediate occupancy cycles through proper marketing efforts is increased manifold.

Forecasting the Market

The next problem to be faced is 1) how to decide what phase of the market you are in and, 2) how soon the direction will change and a new phase of the market reached.

Determining what phase the market is in is usually not too difficult, particularly if you have a ratio chart of the moving-average trend of occupancy at your hotel. The larger problem—the timing of the next market phase—presents the most difficulty, but even this obstacle may be worked out through several different means with reasonable accuracy and timeliness.

The Business Cycle

In this connection, we all recognize that neither the hotel industry nor any particular hotel

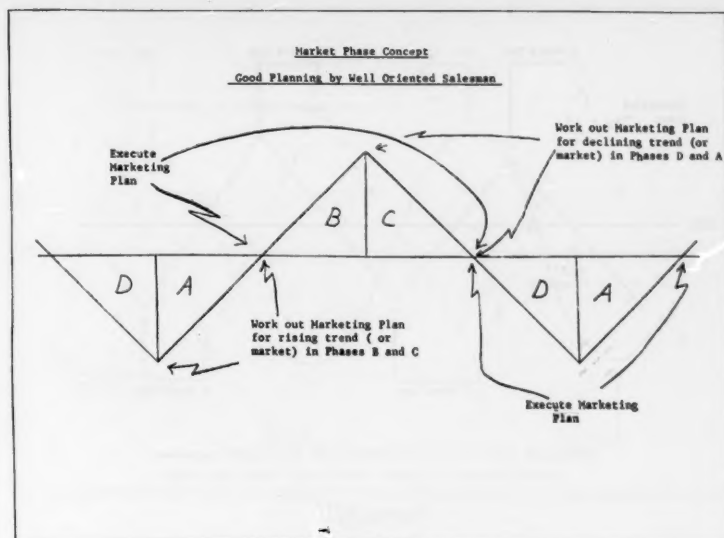


Figure VII-A

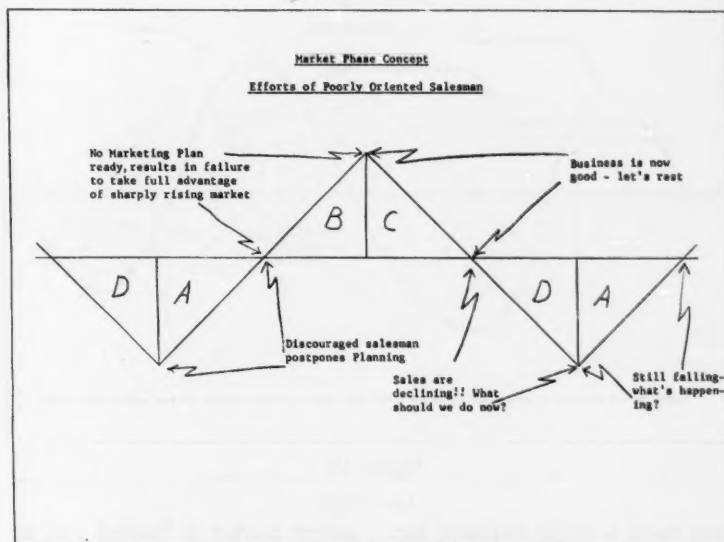


Figure VII-B

operates in a vacuum. As a matter of fact, the exact opposite is true. The hotel business, being a service industry, is almost entirely dependent upon the level or direction of activity in other industries. As these other industries prosper and require travel accommodations, meeting space, and their personnel

have money for recreation and entertainment, the hotels prosper! Conversely, as these industries have difficulties, their requirements diminish and the hotels run in to a declining market!

The One-Industry City. Therefore, if your hotel is located in a city whose economy is depen-

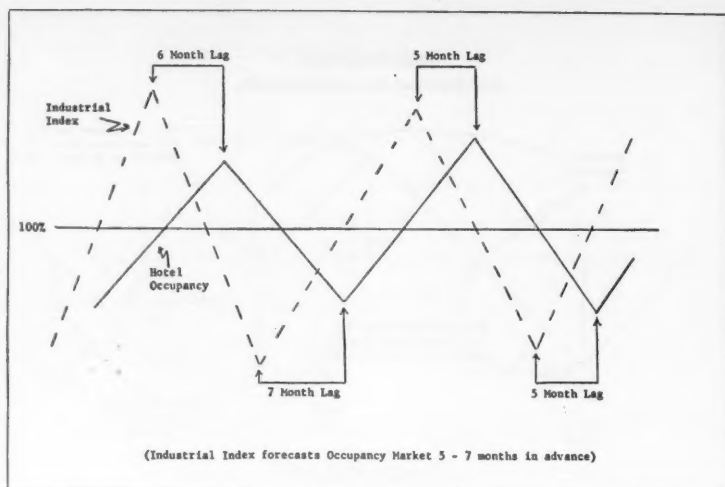


Figure VIII

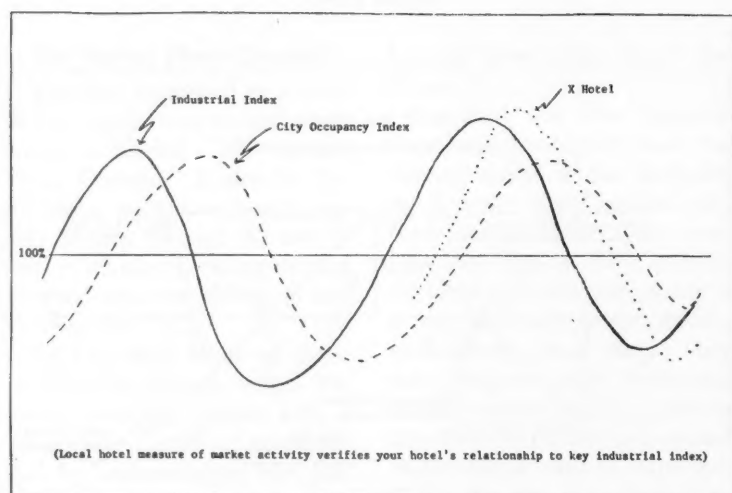


Figure IX

dent upon a single industry, for example, there is every reason to believe that in spite of your most sincere sales efforts, the intermediate trend of your hotel sales will depend a great deal on the conditions or trends in that industry. Because of this controlling influence, often a volume index of this particular industry, when analyzed as we have analyzed occupancy, will aid in your efforts to answer the question of where your occu-

pancy market is headed . . . or what phase of the market can be expected next. Such an industrial index, whose market phases may change from five to seven months ahead of your hotel's occupancy phases, can be used to forecast the direction of your hotel's occupancy trends. (See Fig. VIII.)

Index of Industrial Production. If, on the other hand, there is no single controlling industry in your area or there is no vol-

ume index for such an industry, and your hotel is located in a heavily industrialized city or area, the national index of industrial production itself will perhaps provide the clue necessary to aid you in forecasting the turning points of your own occupancy market.

Hotel Occupancy Trends. If you are unfortunate enough to have only a few years of occupancy information on your hotel, it will be difficult to properly analyze your hotel's occupancy trends and to make adequate comparisons with other indexes. This shortcoming may be overcome by using the local measure of hotel occupancy developed by Harris, Kerr, Foster or Horwath & Horwath, and probably covering a much longer period, to establish a guide for your hotel's occupancy relationship to a key industrial index. This will supply the necessary clue to the market phase changes. (See Fig. IX.)

Parallel Operations. In a chain operation where more statistics are available, a dependable forecast of market phase change may be possible by finding a hotel in one city whose occupancy market phase changes some months before that of the hotel whose occupancy is under examination. Such a situation is not uncommon. It is brought about by the fact that some regions of our country react slower to economic change than others.

3-Month Average Trends. Sometimes the ratios of a 3-month average trend for a hotel—because they react more quickly and sharply to market influences—when compared to the ratios of a 12-month moving-average trend for the same

hotel, or even another hotel—provide the necessary answer to the identification of current and possibilities of future market phases. (See Fig. X.)

Some Clue is at Hand.

Whatever the situation, some clue, based upon techniques suggested in this brief discussion, sufficient to base a workable opinion on, is usually available to the diligent researcher and analyst in arriving at current and future occupancy market phases.

In the study of occupancy trends and phases, there are many other analytical techniques available to the trained technician in determining when trends or market phases are expected to change, and to what degree they may be expected to change. These techniques, which are not needed for the majority of situations, are too involved for discussion here.

Applications of the Market Phase Concept

As mentioned earlier in our discussion, during the different phases of the markets—A, B, C and D—there are different psychologies and different marketing plans to be applied. For example, let us consider the situation where it has been decided that additional rooms' income is necessary to pay for one of two things: 1) either the rooms are going to be upgraded; or 2) there are wages or other cost increases to be contended with.

Upgrading Rooms

Actually, if the problem involves the upgrading of rooms, it should be a part of the overall market plan conceived in Phase D, when occupancy is

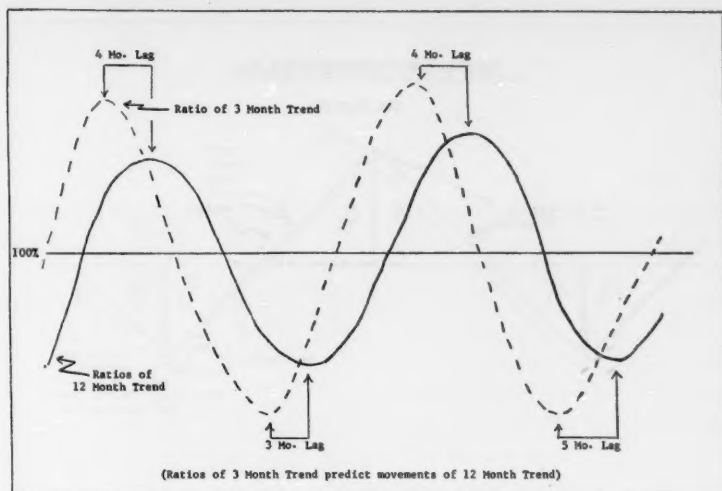


Figure X

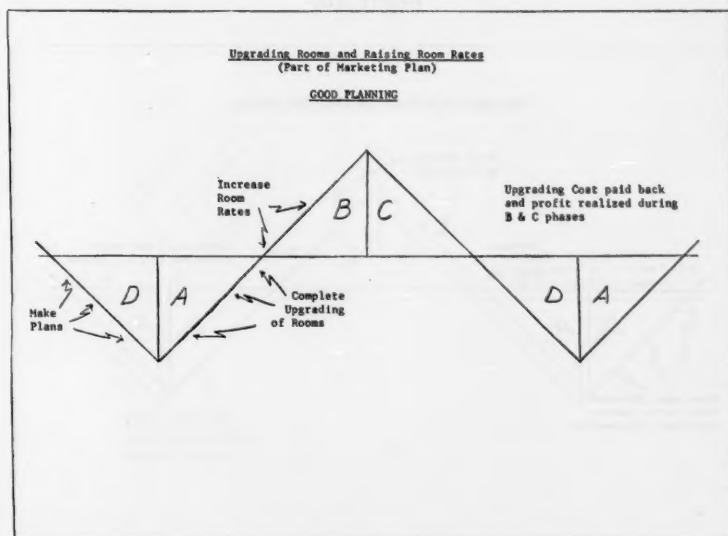


Figure XI

falling at the greatest rate, and completed in Phase A, when the market is falling but a rise is anticipated. Then, when Phase B arrives, and business is actually improving over the prior year and the market for more and better rooms is just beginning, room rate increases should be applied. By the time that your hotel has passed through Phase C (that is, when business is still improving but is slowing its

rise), the money necessary to repay for the upgrading of the rooms has been earned and a profit realized. (See Fig. XI.)

Your marketing plan could call for the upgrading to be done in Phase B, but part of the pricing advantage will be lost, and perhaps the full amount of money would not be paid back by the time Phase C is completed. Upgrading of rooms completed in Phase C should

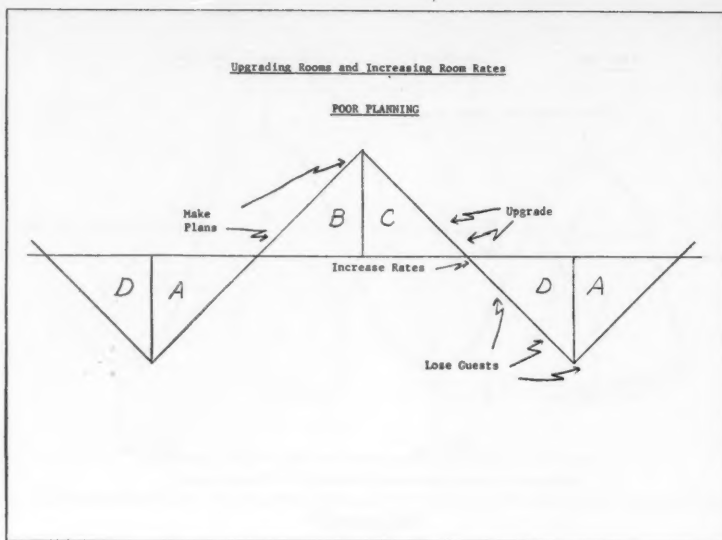


Figure XII

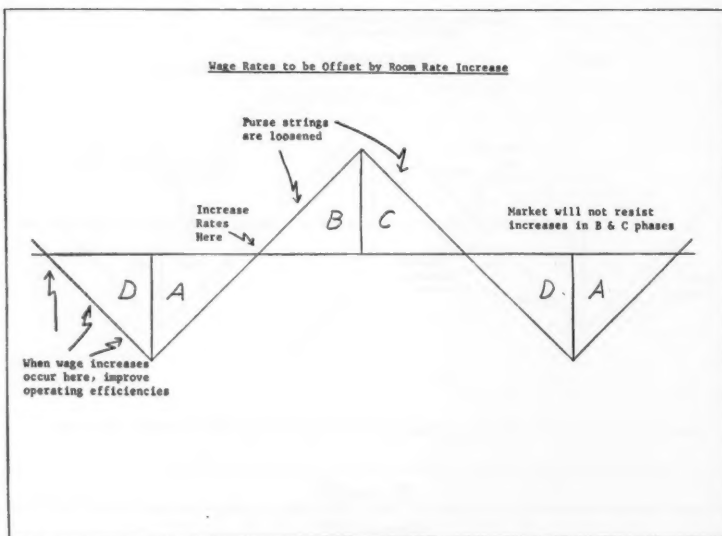


Figure XIII

not be contemplated, as this is one of the poorest times for completion of such a program. Price increases will have little time to compensate for the cost of the improvement before Phase D arrives and the "belt-tightening" philosophy takes over. People then want cheaper rooms, not more expensive ones. At such a time, when they face price increases, they usually seek more

accommodating hotels. (See Fig. XII.)

Increased Operating Costs

If your problem involves cost increases, whether they be wage adjustments or some other, room rates normally receive the first look as the easiest and most effective means of compensation.

Extreme caution should be exercised in attempting to re-

cover these costs through room rate increases unless you are in Phase B or early Phase C, when the rising occupancy market can and will absorb them. During this period, the purse strings of the traveler are somewhat loosened, because of his belief in the prosperity trend and its continuance.

If you are in Phase D, when all companies and their traveling personnel are economy conscious, you should not attempt to compensate for cost increases by increasing your room rates. This would just add to your difficulties by driving away whatever share of the declining markets which would normally remain with you during this trying time. Better, during Phase D, try to absorb as much of the cost increases as possible through greater operating efficiency, and wait until Phase A, or preferably Phase B, rolls around before making any general room rate adjustments.

Obviously, if at all possible, management, through its knowledge of union contracts and labor trends, should anticipate the possibility of wage increases occurring in Phase D and raise room rates in advance while in Phase B, or early C, when the market will accept them and become accustomed to them. (See Fig. XIII.)

Price Increases

In other words, room rate increases, or any price increases, should be made when market conditions can be expected to accept them, not as a panic measure when increased costs force them. Likewise, as pointed out earlier, if possible, upgrading of rooms or other renovation programs of any kind should be scheduled for completion dur-

ing Phase A, in time to catch the expanding market in Phase B and Phase C.

Advertising and Sales

Understanding and using the Market Phase Concept in connection with your advertising sales promotion portion of your marketing plan is extremely important also. Your over-all advertising and sales promotion program must be worked out so as to hit the prospective guest with the proper media at the most receptive time.

For example, in Phase D, when the market is declining at the greatest rate and everyone is cost and economy conscious, it is most advantageous to plug the fact that *your hotel and its services are competitive; your facilities are most strategically located economy-wise; your hotel gives the most service at the least cost; and, that you are not anticipating any increases in prices.*

On the other hand, as you leave Phase A and enter Phases B and C, *luxury, quality, prestige and such* should be the theme, because at this time companies are losing their economy-mindedness and are willing to pay a little more to have the best. Then, as you approach Phase D again, make sure that your schedule of advertising and sales promotion will again start plugging the competitive features of your hotel rather than its luxuries. (See Fig. XIV.)

It also is possible to apply the Market Phase Concept to the employment of your selling staff. In Phases D and A, when business is declining and applicants are plentiful, salaries are usually of secondary importance. Hir-

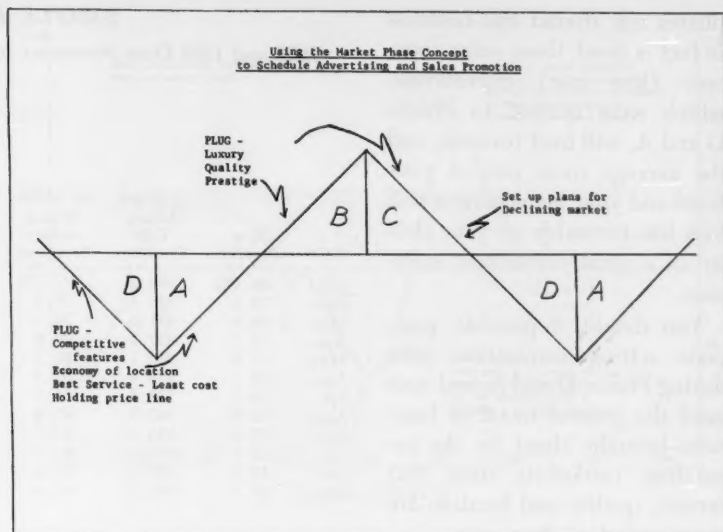


Figure XIV

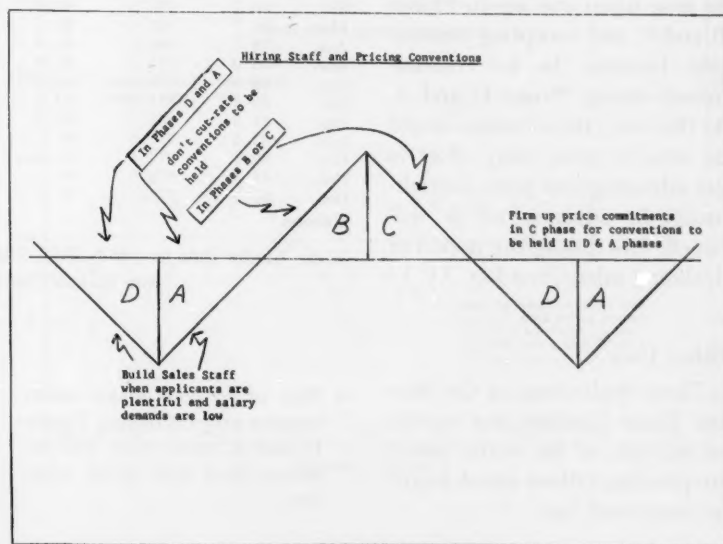


Figure XV

ing a man at this point at a lower salary will pay large dividends when you enter Phases B and C. You can train him at the lower salary, and, then as business gets better, he can share in the increased availability of funds.

Group Business

Another area where the importance of the Market Phase

Concept should not be overlooked is in the convention field.

During Phase D, and particularly Phase A, (because pessimism is greatest at this time), when business is declining and your prospective guest is looking for economy, the unwary salesman is apt to accept lower rates for convention business which will take place during B and C Phases. When these

phases roll around and business in fact is good, those same economy (low rate) conventions, which were booked in Phases D and A, will hurt revenue, and the average room rate of your hotel and your management will look less favorably on your ability as a good convention salesman.

You should, if possible, postpone setting convention rates during Phases D and A, and wait until the general mood of business—brought about by the expanding market—is such that service, quality and location are more important than price.

The reverse situation would be true when you are in Phases B and C and accepting convention business to be consummated during Phases D and A. At this time, the salesman would be wise to make every effort to get advantageous price commitments in advance which will benefit him during the period of declining sales. (See Fig. XV.)

Other Uses

These applications of the Market Phase Concept are merely an example of the many which are possible. Others which might be employed are:

- Try to plan your equipment purchases during Phases D and A of the national occupancy market, when suppliers are short of orders and will give the best price break to the buyer.
- Inaugurate training programs for personnel during Phases D and A instead of during Phases B and C, when their low production would interfere with the process of serving your guests.

SAMPLE DATA SHEET

1959 and 1960 Data Necessary to Produce Sample Occupancy Charts*

				Month by Month Ratio of This Yr's 12 Month Moving Av. Occ. or trend to Prev. Year's	3 Month Moving Total Occupancy	3 Month Moving Average Occupancy	Month by Month Ratio of This Yr's 3 Month Moving Av. Occ. or trend to Prev. Year's
1959	% of Occupancy	12 Month Moving Total Occupancy	12 Month Moving Average Occupancy				
Jan.	86.0%	932.3	77.7%	98.5%	237.4	79.1%	109.5%
Feb.	78.6	945.4	78.8	102.0	236.9	79.0	113.9
Mar.	90.4	951.6	79.3	102.9	255.0	85.0	111.2
Apr.	78.7	957.4	79.8	104.6	247.7	82.6	111.3
May	77.4	962.1	80.2	105.9	246.5	82.2	107.3
Jun.	92.1	974.4	81.2	107.8	248.2	82.7	110.1
Jul.	76.5	981.3	81.8	108.3	246.0	82.0	110.8
Aug.	76.9	982.0	81.8	107.9	245.5	81.8	108.8
Sep.	93.4	993.4	82.8	109.3	246.8	82.3	108.3
Oct.	87.7	989.1	82.4	108.5	258.0	86.0	103.1
Nov.	84.1	994.1	82.8	108.5	265.2	88.4	104.8
Dec.	69.4	991.2	82.6	107.0	241.2	80.4	99.1
1960							
Jan.	85.0	990.2	82.5	106.2	238.5	79.5	100.5
Feb.	80.7	992.3	82.7	105.0	235.1	78.4	99.2
Mar.	86.7	988.6	82.4	104.0	252.4	84.1	99.0
Apr.	78.7	988.6	82.4	103.3	246.1	82.0	99.3
May	83.0	994.2	82.9	103.3	248.4	82.8	100.8
Jun.	88.6	990.7	82.6	101.7	250.3	83.4	100.8
Jul.	69.4	983.6	82.0	100.2	241.0	80.3	98.0
Aug.	81.2	987.9	82.3	100.6	239.2	79.7	97.4
Sep.	83.3	977.8	81.5	98.4	233.9	78.0	94.8
Oct.	89.3	979.4	81.6	99.0	253.8	84.6	98.4
Nov.	81.3	976.6	81.4	98.2	253.9	84.6	103.5
Dec.	67.9	975.1	81.3	98.4	238.5	79.5	98.9
Column				A			B

Note: Similar data for 1954, 1955, 1956, 1957, 1958, 1961 were required to prepare Sample Charts X and Y on page 19.

- Plan to do your major maintenance projects during Phases D and A, when they will interfere least with guest comfort.

- Work out your hard-hitting advertising and sales campaigns during Phases B and C for application during Phases D and A, when they're needed to bolster your sagging occupancy.

Do It Yourself

To begin your hotel's occupancy analysis and your scientific marketing program, talk with your auditor and/or your

general manager. Let him read this article. Let him see the following data and charts on an actual hotel. If they can't help you directly, then one of them probably will have some friend or contact who understands the use of moving averages and ratios of moving averages.

Among the three or four of you, it should not be too difficult to construct a ratio chart showing occupancy trends, past and present, for your own hotel and comparative ratio information on a national or local basis for the hotel industry and other indexes, which may influence your markets.

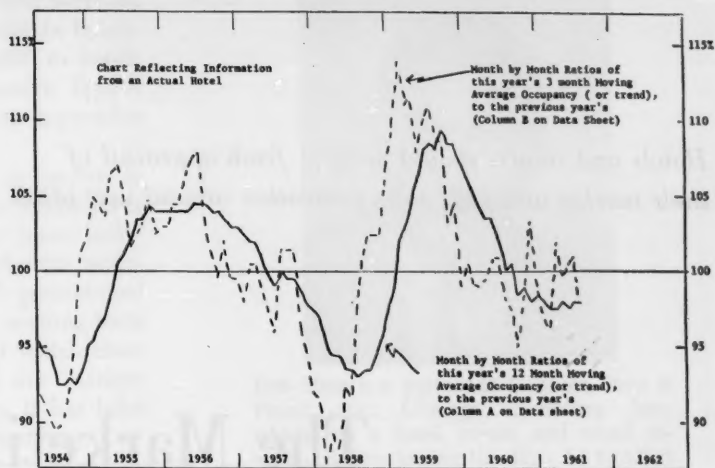
To Sum Up

The job of a salesman is selling! He must keep in touch with all the varied markets which supply the guests to fill his hotel. He must know his hotel thoroughly. He must make sure that his guests receive the service which he sells to them. In addition, and just as important, he must be able to anticipate what sort of a market he is heading for. The "Market Phase Concept" will help to accomplish this requirement.

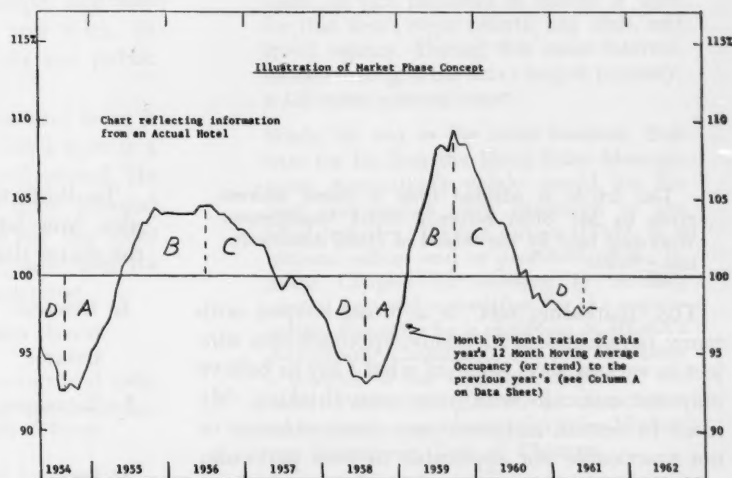
Important Reminders

To this end, in review, the following is a reminder of a few pertinent points covered in this article which are worth remembering:

1. The occupancy market should be the primary concern of the salesman at all times. Here's where the real profit comes from!
2. The market trend is more important than a single month's results. After all, a hotel's success usually is measured at twelve month intervals.
3. Each phase of the market is far more important than the current one. A hotel's share of today's market is already in the house. Tomorrow's market is up for grabs!
4. The occupancy market in many respects is dependent upon conditions outside of the hotel industry and beyond the salesman's control. The salesman should find out where his hotel fits in the national, regional and local economy, and formulate his marketing policies accordingly.
5. Marketing plans should be executed at the proper time to take full advantage of market trends and phases. Proper timing insures success in marketing as well as in other fields.



Sample Chart X



Sample Chart Y

Advertising with Impact

Back in 1943, fearful of the expense of large newspaper advertisements, we decided to start our publicity campaign on a rather modest scale. Scatter ads—four or five small two-inch-square insertions scattered in the "run of the paper"—would present our message at moderate cost. The program was launched with great anticipation.

We selected the New York Times for this important campaign. Unfortunately a zealous Times reporter had dispatched on that very day a story from Detroit which ap-

peared on an inside page, headed: "Prominent New Yorker Jumps from 14th Floor of Detroit's Sheraton Hotel." The article described the victim's distinguished career, listed his many achievements, and told of the widow left behind. His clubs were duly enumerated, but some space remained at the bottom of the column—just enough for one of our ads. It carried the slogan current at the time: "Always Try Sheraton First."

—Ernest Henderson in
The World of "Mr. Sheraton"

Hotels and resorts should make a fresh appraisal of their market and gear sales promotion around new ideas.

The Marketing Mix

By Bob Stein

This article is adapted from a recent address given by Mr. Stein before a Hotel Management Workshop held by the School of Hotel Administration.—*Editor*

The "marketing mix" is a broad subject with many ramifications. As people approach this subject in various ways, some of what I say or believe may not coincide with your own thinking. My ideas in certain instances may seem extreme or not practicable nor applicable to your particular operation. My purpose is to prod your thinking and thus stimulate your own efforts to evaluate your industry and your role within it.

Changes in the Market Place

First, let us review today's general industrial theme. Every industry now faces strong competition for its share of the consumer dollar. The competition is not just between one stove and another stove, one automobile and another automobile, one typewriter and another typewriter. Every industry is vying with every other industry for a greater share of the consumer's dollar.

At last count, that dollar had but 100 cents in it. Only after a given industry has garnered its share of those pennies do the individual businesses within that industry go after their "share of a share."

To illustrate my point, take a stack of 100 pennies. Now let's break up these 100 pennies into the shares that go to different industries:

- 4¢ Research, education, foreign travel, religious and welfare activities.
- 5¢ Recreation, of which 3 mills are spent in resorts.
- 5¢ Personal business.
- 6¢ Meals and beverages purchased for consumption in hotels, restaurants, cafeterias, drive-ins, etc.
- 10¢ Clothing, accessories, and jewelry.
- 11¢ Transportation.
- 12¢ Housing, of which 4 mills go to hotels.
- 14¢ Household operation.
- 26¢ Food, beverages and tobacco (home consumption).*



* The "extra penny" is represented in percentages rounded off to avoid fractions.

Of the twelve cents out of every dollar spent on housing, only four mills are now spent in hotels. These shares amount to \$1,087,000,000 in hotels and \$895,000,000 in resorts—impressive figures but ones which don't alter the not-so impressive percentage figures.

What are other industries doing to survive in today's competitive market place? In recent years all have developed a highly critical "inner look." They are examining sales and distribution methods, exploring new advertising and promotional techniques—in short, reviewing and revising their entire business-getting outlook. That which characterizes this new attitude is called the "marketing mix (or concept)." In a phrase, it has been stated as: *Moving the goods to the customer.*

Broken down, the "marketing mix" means integrating every phase of a product which contributes to its ultimate salability—its price, its packaging, its label, its quality, shape, size and color, its method of distribution and sales, its advertising, sales promotion, publicity and public relations program.

The integration of all these factors and more is embodied in the "marketing mix." No longer is a sales manager in industry told to *sell*—period. He finds himself part of a marketing team charged with the responsibility for improving the sales picture of the product by creating new uses for the product, new markets, new packaging.

New Sales Ideas

A few of the more universally recognized sales ideas stemming from the marketing approach are listed below:

- **The beverage industry:**
6-, 8- and 12-pak for beer and soft drinks.
Gift decanter for liquor.
- **The food industry:**
Soup-on-the-rocks; soup with cereal.
Jello as a fruit drink.
Tomato and fruit juices as cocktail mixes.
- **Home products:**
Facial and toilet tissue in decorator colors.
Children's bandages as "battle ribbons."
Roll-on and spray-on deodorants and toiletries.
Glass cleansers to decorate windows.
"Family-" or "economy-size" in everything.
- **The concept of "planned obsolescence"** that is cutting a path across more and more industries in which what you buy today is outmoded tomorrow because of styling, color, improved or new features, fashion cycles.



Bob Stein is a partner in Gardner, Stein & Frank, Inc., Chicago advertising firm, which has a hotel, resort, and motel division. Before joining this firm, he handled the sales and marketing program for a well-known management firm for nearly nine years and served, during the last six years, as vice president in charge of sales for that firm's eight resorts, city club, and travel agency. During this same interval, he also managed the firm's largest property, a 150-room summer resort.

While he was in the hotel business, Bob won for his firm the Hotel Sales Management Association's yearly award for the best coordinated sales campaign in the hotel industry. He has served HSMA as a national officer and as president of the Illinois Chapter in addition to heading several national committees for the organization. Presently he is chairman of HSMA's Advertising Committee. He has also been a director of the Chicago Chapter of the Sales Promotion Executives Association and an active member of the Sales Marketing Executives Club of Chicago.

All of these innovations, including "planned obsolescence," are examples of *"Moving the goods to the customer."*

The Hotel Market

Now let's talk about our business, the hotel industry, and its products—lodging, food and drink. The hotel industry is equally vulnerable to the effects of competition.

Again, let us consider that "consumer dollar." As an industry we can strive to increase our share of the 12¢ for housing, the 6¢ for food and beverage, the 5¢ for recreation. As an industry, the struggle is continual to retain our present share, increase it if possible, and in no event, lose any part of it to other industries.

Competition comes from both within and without our ranks in the hotel industry. Hotels not only compete with other hotels but find themselves competing with motels in the heart of cities, motels along highways and at air as well as rail terminals. Resorts—domestic and foreign—and cruise ships compete with hotels, enticing both individual and group business.

Jet planes are competition. When you can fly from New York to Bermuda in three hours, from New York to South America in five hours and from New York to Paris in seven hours, that's competition. It means that in commercial hotels rooms are going unoccupied and fewer hotel meals are eaten. It means that the family vacationing at a resort in this country today may be vacationing in the Caribbean tomorrow and in Europe the day after.

Automobiles are competition. When a trip across the continent that once required four days can be made in three due to today's faster cars and better highways, it means that a hotel room, a motel room, or a resort room will go unoccupied that fourth night en route. That makes for a 25 percent decrease in occupancy.

Travel agents represent competition. Primarily, they're interested in foreign travel and in the tour and cruise business which represent high commissions. I have been on three sides of the fence with travel agents: as a resort operator; as a member of a firm with a number of properties including a travel agency; and now, as an advertising man with travel agent clients. In the face of these divided allegiances, I contend that where *positive selling* and not *mere order-taking* is involved, the travel agent will sell the ocean voyage or foreign tour whenever possible.

Rent-A-Car and Rent-A-Plane services represent competition. A man debarks from an airliner or train, rents an auto or a small plane and proceeds to his destination instead of stopping overnight and proceeding in the morning.

In essence, speed in any form is competition, because when any of us get where we're going faster we spend that much less time eating, drinking and sleeping en route. And all of us, including hotel people, climb on the speed bandwagon, understandably so. We don't like to pack and carry heavy luggage, we don't like to be away from our desks too long, we prefer to be with our family at home than in a strange town in a lonely room—and our wives exert pressure on us to

return home, even if it's late at night. This is the age of speed and this is the kind of competition that's here to stay.

Most indicative, of course, of the state of affairs is the decline in occupancy figures for the industry from a high of 92 percent in the immediate post-war years to 64 percent today. A profit margin is kept intact only by progressive rate increases, a spiraling trend that is both inflationary and unlikely to be accepted much longer by the traveling public.

Something must be done. And to that end, may I introduce the "marketing mix" with the suggestion that all or some part of it be applied to your hotel to aid you in promoting business.

"Marketing Mix" for Hotels

The entire range of subjects embodied in the "marketing mix" is too broad for the space allotted and for my talents to cover. Thus, these comments are directed to aspects of the "marketing mix" which I believe would apply to and benefit hotel operators. Let us define what is meant by "hotel marketing," and then discuss three important phases of it:

1. The role of the sales manager in hotel marketing.
2. The role of research in hotel marketing.
3. The role of core ideas in hotel marketing.

"Hotel marketing" means:

- Analyzing the product and its markets.
- Doing the necessary research to get the facts.
- Determining guest preferences.
- Creating a sales budget.
- Allocating funds to promote various markets.
- Developing special promotions for off-season periods.
- Promoting individual guest business.
- Promoting group business.
- Promoting travel agency and tour business.
- Finding new sources of internal revenue and increasing existing ones.
- Increasing the average dollar expenditure per guest.
- Maintaining an accurate sales forecast.
- Utilizing, in an integrated manner, all of the devices employed to produce business: advertising, sales promotion, personal selling, publicity, public relations, guest relations, and even employee relations as well as other less obviously but definitely related matters.

In short, where other industries define marketing as "*Moving the goods to the customer*," hotel marketing can be defined as "*Moving the customer to the goods*."

The Sales Manager's Role

1. *The role of the sales manager in hotel marketing should be that of heading up the marketing program.* In instances where a hotel doesn't have a sales manager and the manager does his own selling job, the hotel operator may not recognize the pertinence of what I am about to say.

When someone in the hotel is designated to sell the facilities for group functions, it has been my observation that invariably the sales manager not only *sells* but *services* the group business. Often he spends 25 percent and even 50 percent of his time attending to business already booked, writing up data sheets, arranging for room set-ups, and myriad other details better left to others. Too often ownership or top management limits his sphere of activity and then asks itself, "How much of my business did my sales manager actually produce? How much would I have gotten anyway?"

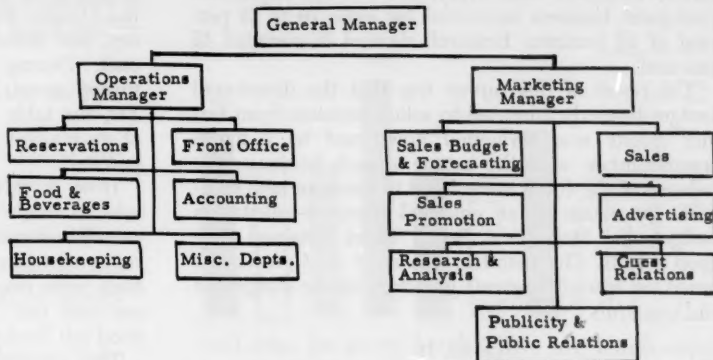
Why not abandon the present image of a hotel sales manager and create a new image by giving him new responsibilities, a new title of "Marketing Manager," and a new relationship to his associates? To this end I propose an organizational chart such as that shown in Chart I.

Vary this organization scheme as you see fit to suit your individual staffing needs. Vary it any way you like so long as you retain the concept! As you see, all functions related to "*Moving the customer to the goods*" are grouped together because they are interrelated and should be the responsibility of one executive in your hotel. Similarly those functions which are operational are grouped together and entrusted to the man responsible for operational functions of the hotel.

The Role of Research

2. *The role of research in hotel marketing is to learn where your business comes from.* Let us consider the theory behind research. Research gives you information regarding your customers, tells you about their preferences, their origin, their age, religion and marital status, the frequency of their visits, their spending habits, and their criticisms. The need for such data applies equally to group business and to individual guest business. You should know the origin of your group business, the frequency of group visits, group spending habits and the like.

I. A NEW ORGANIZATIONAL CHART FOR HOTELS



No intelligent sales executive today ever assumes that he is "typical," that he's "Mr. Average Man" who knows intuitively the temperament, the desires and the needs of the public. Rather, he uses the research tools at his disposal to ascertain this information: the questionnaire, the survey, the guest or group history system, and the facts and figures at his disposal.

Statistics, though no substitute for creativity, are extremely valuable. They provide you with data on the flow of your business, the revenue-producing performance of individual departments and how they compare with other departments, the profit-margin ratio of various types of group business and other helpful information.

Market research acquaints you with the percentage of business coming from various sources: what portion of it is group business or individual guest business? room, food or beverage business? national, regional or local business? industry, trade association or social group business?

Applying Market Research

Here are three practical examples that illustrate how market research can be put to work:

CASE I

Market Analysis of Guest Business

Guests	Six Years by percentages					
	1	2	3	4	5	6
New	53	55	50	58	54	58
Former	47	45	50	42	46	42

Given above is a market analysis of individual guest business at the Hollywood Beach Hotel, one of our clients, for a six-year period. This resort hotel annually grosses millions of dollars and spends 7 to 9 percent of its gross on sales promotion. The Hollywood Beach appeals to a select, limited market. Much of its sales promotion budget was a direct-mail campaign directed to former guests.

A verbal poll of all executives, from ownership down, indicated that everyone had the impression past-guest business accounted for some 70 to 75 percent of all business. Research showed it averaged 45 percent!

The result of this survey was that the direct-mail budget formerly allocated to solicit business from former guests was revamped downward to a figure commensurate with the extent of such business; the balance of the funds were freed to promote *new* business. By means of an enlarged prospect-solicitation budget, the Hollywood Beach Hotel obtained very good results. The moral to this story is: *Conclusions based on seat-of-the-pants guessing can be dangerous and wasteful.*

CASE II

Geographical Origin of Guests—Typical Year

City or State	Full Year %	Fall-Winter -Spring	
		Summer %	Summer %
Chicago	65	90	50
Illinois (except Chicago)	10	6	12
Indiana	7		10
Michigan	6		10
Ohio	6	4	9
Wisconsin	4		6
Others	2		3
Total	100	100	100

Shown above is the geographical origin of guests in a typical year at Oakton Manor, a Wisconsin resort where I was formerly the sales director. For the entire year, it was found that 65 percent of the resort's business came from Greater Chicago. Yet a seasonal breakdown revealed that during the fall, winter, and spring Oakton Manor drew 96 percent of its business from Chicago and its suburbs, whereas in summer—when automobile travel is easier and Wisconsin's lake region is attractive to people in nearby states—50 percent of Oakton's guests came from the Chicago area and the other 50 percent came from neighboring states.

As the result of this analysis, Oakton Manor does not put 65 percent of its promotional dollars into the Chicago area on an indiscriminate, year-round basis. Fall, winter, and spring 96 percent is spent in the Chicago area; in summer, only 50 percent with the other 50 percent going to other areas in proportion to the business realized.

CASE III

Yearly Summary of Room and Guest Occupancy

Month	%	
	Room Occupancy	Guest Occupancy
January	81.9	62.3
February	88.5	62.9
March	86.2	61.7
July	70.2	49.6
August	76.5	55.4
December	62.3	43.1

Case III is an analysis of room and guest occupancy during peak and slack months at a commercial hotel, the Dinkler-Plaza in Atlanta. During January, February, and March, the mid-week occupancy is 100 percent. During these months, potential guests are turned away, farmed out to other hotels in Atlanta. Yet, the table shows that when room occupancy was at its maximum, guest occupancy was only about 60 percent.

How is this discrepancy explained? Rooms were sold to single occupants when they would hold two persons. *Business was being turned away* because room occupancy was at the maximum even though beds were empty. It is small solace to know that you are sold out "room-wise" when you aren't doing a good job "bed-wise."

This situation raises a question: "How selective is your sales department in accepting group business during peak periods?" Do you evaluate group business in terms of how many beds can be filled, not how many rooms can be filled?

When groups arrange to meet in your hotel during peak periods, negotiate with them to take fewer singles than requested. Give preference, when you can select the group you want to accommodate, to the one requiring fewer single rooms. During slack periods (July, August, late December) follow the opposite procedure with group business. Offer single rooms at a higher single rate than one-half the double rate to boost room sales and income. These procedures will increase your room revenue.

The Role of Core Ideas

Core ideas can expand the hotel market. What is a "core idea?" A friend of mine in the steel business defines the person who creates a "core idea" as being one who is a "molder" instead of a "mechanic."

A few months ago I heard Earl Ludgin, a top-ranking Chicago advertising man, speak about the great *commercial* ideas of the twentieth century. Truly creative commercial ideas, he said, are few and far between, but the ones listed below have stood the test of time. These ideas cannot necessarily be attributed to one particular person—they may have been born spontaneously when the time was ripe:

1. *Installment buying.* Consider the effect that installment buying has had on the American economy!
2. *Planned obsolescence.* Changing styles, shapes, and colors make a product obsolete and affect clothing, automobiles, houses, and furnishings.
3. *Matched ensembles.* This idea applies primarily to wearing apparel, although it is also found in the home and office furnishings field.

After listening to Mr. Ludgin, I tried to come up with some ideas that could be considered as great "core ideas" developed in the hotel and resort field. Here is my list:

1. *Package Plans.* Consider what the airlines have done for Miami Beach.
2. *Area Promotion.* Need I tell you about Miami Beach, Las Vegas, the Poconos, Lake Placid, and Southern California?
3. *Travel Incentive Plans.* The idea of offering travel incentives as awards and bonuses instead of watches, merchandise, or money is a great one.
4. *Special Events.* The Mardi Gras, Tulip Festival, Rose Bowl, "Miss America" contest—all help sell the communities in which they are held and fill hotel and resort rooms.
5. *The One-Card Charge Plan.* Diners' Club, Carte Blanche, and American Express have made payment easy through the one-card charge plan. The "Go Now-Pay Later Plan" also might be included in this category, spearheaded, I believe, by the airlines.

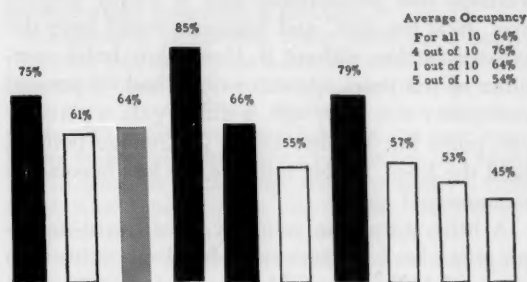
These were great conceptual ideas originally. Today, at the everyday local level, these ideas are being put to use. Have *you* ever created an event or activity that enabled you to sell rooms, food, beverages? Have you ever created or promoted an executive seminar? an adult study program? a cultural forum or lecture series? a testimonial event or music festival? an athletic tournament? a mystery tour, a historical celebration, or an industrial training program?

No one has a monopoly on these ideas. The Rose Bowl led to the development of other bowl games. "Miss America" paved the way for "Miss Universe," "Mrs. America," and so on. The Masters' Golf Tournament paved the way for all kinds of golf tournaments. Frontier Days in one community is called "Pioneer Days" in another community, "Wild West Days" in a third, *ad infinitum*. These variations on core ideas are being adapted and used in every community to great advantage and financial benefit. Put them to use in your hotel and in your community.

Occupancy

Let's talk about occupancy again. Fourteen years ago the hotel industry enjoyed 92 percent occupancy. Now it "suffers" from 64 percent occupancy. Yet this alarming decline in occupancy

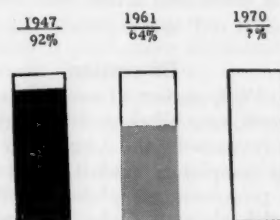
II. OCCUPANCY FOR TEN HOTELS



isn't true for every hotel. There are hotels enjoying 75-80-85 percent occupancy. There are ultra-fashionable motor inns filled most week days with businessmen and on weekends with city dwellers seeking low-cost weekend vacations.

Industry figures represent an average and are compiled from individual hotel figures. Chart II shows graphically the occupancy of ten typical hotels, for which the "average" is 64 percent. *But only one of the ten actually had 64 percent occupancy!* Four out of ten were well over the 64 percent average and five of the ten were well below it. Chart III shows the industry averages.

III. OCCUPANCY FOR THE HOTEL INDUSTRY



Ask yourself these questions: "Which figure means more to me—the industry or the individual hotel one? What occupancy figure do I want to contribute to the industry?"

Holding the Line!

There is another approach to this matter of occupancy called "Holding the Line." Not long ago I sat in a hotel sales meeting and heard a hotel executive say, "Radio is no good. We tried it once for six months and business didn't shoot up at all." (I'm not necessarily advocating radio advertising—this is merely an example to illustrate my point.) How did he know that radio advertising was valueless. Who is to say how much more his business would have fallen off if radio hadn't been tried?

Don't write off a promotional idea simply because the results are somewhat less than dramatic. Perhaps that promotional idea is simply helping you "hold the line" and business would have decreased further without it. How many hotel operators of ten years ago can say, "I had 92 percent occupancy ten years ago. I didn't gain a percentage point but I didn't lose a percentage point. I held the line." In this instance, no loss becomes a monumental gain!

A little story—one you may have heard—is appropriate here. It concerns a hotel executive who returned to his Alma Mater about twenty years after graduation and met his former psychology professor. "Tell me, Professor," he asked, "are the questions still as tough?"

"We're using the same questions we used twenty years ago," the professor replied.

"Don't the students learn them in advance?" queried the hotelman.

"It doesn't matter—the answers are constantly changing," retorted the professor.

This is true of the hotel business. The problems of today are the same as those of twenty years ago, but the answers for solving them are continually changing. It is my belief that some of those answers are to be found through an understanding and utilization of the "marketing mix." I've seen it work and I am confident that if you give it a try it will serve your cause also.

Discussion

Question: With respect to your organizational chart and the breakdown between Sales and Operations, I recall a study made by the Association Executives. In listing their complaints against hotels serving group business, a prominent complaint was that the fellow who made the sale couldn't be found when the group went to the hotel to get the goods delivered. Last Saturday I heard about a hotel receiving a large group for which breakfast was the first meal. That hotel wasn't prepared to serve them breakfast because the management didn't know about it. This is the fault with your breakdown of organizational duties. Service is closely related to sales. That group won't return to this particular hotel again.

Mr. Stein: May I respectfully disagree with you? I am familiar with this school of thought. A properly run hotel or resort shouldn't depend upon the sales manager rendering service on the operations side. The example you mentioned reveals *weak communications* between the sales force and the operations manager. The sales manager should play the role of host, not serve breakfast.

Comment: People desire to have the person with whom they made the agreement in attendance to see that those agreements are carried out. In the instance I quoted, the service was left up to incompetents.

Question: Is it better for the sales manager to sell twice as many groups and then not have them return, or should he sell half as many and keep the business he does sell?

Mr. Stein: I am willing to admit only one thing: communication must be complete and quite detailed and you must have a good service department.

Question: How do you get everyone to kick-in for the area advertising budget?

Mr. Stein: If you can't get everyone to join in, don't abandon the program because of a few die-hard hold outs. Wherever area promotion is being done you will find some people who won't participate.

Question: How truthful do you think former guests are when they fill in questionnaires about service and such? I know a resort operator who sent out 200 questionnaires asking former guests why they didn't return. Nine out of ten of those responding said it was the financial situation. Nothing was said about dissatisfactory food, accommodations, or high rates.

Mr. Stein: Were his prices too high?

Answer: He blamed it on the recession.

Mr. Stein: Technique is involved in doing research. For example, if you take a poll asking guests how they first heard about your place, most of them answer, "Word of mouth." Then you might say, "Why do I need to advertise or send out direct-mail promotion?" But how did your guests ever remember your name sufficiently to ask someone else whether they had ever been there? Of if they heard about your place three years ago via word-of-mouth, what triggered their decision to visit you at a certain time? Could it have been a piece of direct mail or a space ad?

On another score, when guests are dissatisfied many don't want to get involved by telling the proprietor. They want to spare his feelings, not argue; it isn't worth it to them. But when they get away from the resort or hotel, they are more willing to talk. In our agency, we have used an independent research firm technique.

Let me quote a case in point. One of the resorts we serve keeps an accurate record concerning the percentage of inquiries converted into reservation bookings. For example, if this resort answers 800 inquiries and only 200 of them book reservations, they want to know what happened to the other 600. If their rates were too high, you can't do anything about it except consider lowering them. But if their selling technique was poor, that is a different matter. So, as "Gardner, Stein, & Frank Research Foundation," we conduct a survey for a number of resorts and inquire by telephone whether persons requesting information about rates and accommodations went to some other resort and if so why.

Ask yourself these questions, "Am I selling right? Do I call back when inquiries are made?" When you receive an inquiry does your selling start and stop with the mailing of literature while your competitor uses several follow-up procedures?

Another observation we have made is that former guests return by cycles. Some resort operators expect people to come back year after year. This is unreal-

istic. People like change. Some resorts, through analyzing how often their guests return, find that most former guests follow a pattern. They get the same people back, not every year, but every fourth or every fifth year. The resort can sell until "the cows come home," but it won't get these people to come back for two or three years in a row.

Question: Would it be a good thing then to keep your guest history cards by date and promote these people hard after three or four years?

Mr. Stein: Definitely. In most resorts where we set up guest history systems, we maintain two lists. We call one the "active prospect file" and the other the "quiet prospect file." I've heard some people term it the "dead list." This is a mistake. You must be selective, but you can reactivate these past inquiries.

Here is another statistic for direct-mail selling unrelated to the hotel field. It has been demonstrated that the most you can hope for in one mailing is a 20 percent return. Yet, continuing through a fourth or fifth year you ultimately get a 100 percent return—a different 20 percent each year. Since you don't know whether the person will respond in the first, second, or fifth year, the obligation is to maintain the mailing list to everyone, for say five years. If you want to do research on the time span between guest returns, then you can delete the names of people who haven't returned after that span of time. It amounts to a basic pattern in some instances. If your guests tend to return every eight years, for example, keep an eight-year file. If they come back every third year, keep a three-year file, and so on.

Question: How effective is resort advertising in the Sunday supplements where you have twenty pages of resorts listed?

Mr. Stein: Are you referring, for instance, to the *New York Times Resort Section*?

Answer: Yes.

Mr. Stein: I think it is very effective. You can't sell your resort with just one big ad in a special section or some one-shot area promotion section. If your advertising is sustained, within your budget limitations, and your ad is carefully made up, then it is worth while. The fact that the resort advertising section is thick doesn't mean that the reader gets schizophrenia from not knowing where to turn. He doesn't approach the *New York Times* and say, "I think I'll take a vacation. Where will I go?" Instead, he has some definite resort area in mind and turns to that area in the advertisements and looks at that part of the paper. But the resort ads grouped in that particular section of the paper are competitive.

One shot advertising is ridiculous. It is the regular appearance of your name in whatever medium reaches your market in whatever size you can afford that is effective. Vacations are examples of planned purchases, just as automobiles are. People planning summer vacations start reading the ads in March and April or even earlier. The person taking a vacation in June may buy in April. A person going away Labor Day may buy in July. Your obligation is to keep your name before such people as regularly as you can afford, to catch them at the time that is

"planned" for them but unknown to you. If you run just one big advertisement on May 30, you will catch only that fraction of your potential market that is thinking about a vacation at that time.

Whenever a prospective guest picks up a paper, you want him to see your name and a few high lights concerning your resort—which is about all you really want them to see. Don't clutter up your advertisements with nonsense and small details. Put your name before your readers in as big a type as you can afford and in terse, pithy language tell your reader a little about what type of place you have in order to develop the image you want to form in his mind.

Question: How about the position of your ad in the newspaper?

Mr. Stein: Position on a resort page isn't too important because you are already categorized by geographic area. One position doesn't catch the reader's eye to the extent that he ignores everything else on that page. If the reader is interested in the Poconos, he turns to the Pocono Section; possibly he reads the better-positioned ad first and perhaps his eye is drawn to the top right. But his reading doesn't stop right there.

Position in another section of the paper is more important if you can afford it. If a newspaper has widely read features—such as the comic page—position adjacent to a favorite comic strip may be important. Sometimes it is the newspaper's gossip column that everyone reads. In fact, a gossip-column advertisement of the type that Grossinger's runs is highly effective because people are drawn to names, their own and those of other people.

Remember, no one has an obligation to read your advertisement. The same is true for your direct-mail promotion, which is even more important to resorts. Direct-mail pieces, because there is no obligation, wind up in the wastebasket when they are not interesting or enjoyable to read. You are throwing good money down the drain when you write an unimaginative, trite letter and have it mimeographed as an obvious form message.

To get a direct-mail piece read, make it personal, interesting, and imaginative. There are many ways of doing so: send along a recipe; pictures of guests when they were last at your place; a gossipy little newsletter mentioning their names and those of friends who were there. A letter can include a cartoon. Your lead sentence can relate an anecdote or tell a joke. Assure yourself that the reader has some motivation for reading your letter. Render a service, create interest, evoke a chuckle—do something that makes your reader glad he received your promotion piece.

Question: What are some openings you would recommend for mass-produced letters?

Mr. Stein: I don't believe in mass-produced letters to former guests.

Comment: Your mid-winter newsletter then should be a bulletin, not a mimeographed letter?

Mr. Stein: I would prepare an interesting direct-mail piece. It might be a little newspaper. It might be a color cartoon. Mass-produced letters might be used for secondary lists if you don't go through the routine

of trying to personalize the message with mismatched type. If your list is sufficiently impersonal—not former guests—begin the letter with a frank statement: “Pardon the mimeographing of this letter, dear friend, but we are mailing it to 3,000 persons like yourself,” and so on. Give them the deference of honesty in your explanation rather than trying to use camouflage that fools no one.

Question: How about automatically typed letters?

Mr. Stein: These are in another category so far as mass production is concerned because you can insert personal variations in them. Language-wise, automatically typed letters must sound as if personally dictated and they should include the reader's name in the body plus one or more personal bits of information, such as the date they were with you last, their children's names, etc. An effective device is to add a personal postscript. Another “stopper” technique is to omit the address and ordinary salutation and begin with some statement such as:

IF YOU WILL RECALL, MR. SMITH,
you and your family visited with us last June.

Question: Can you fill me in briefly with what is meant by advertising symbols?

Mr. Stein: Many hotels have found some characteristic object in their operation or they have created one

which can be sufficiently identified with their hotel to serve as a distinctive symbol. For example, The Greenbrier uses a spray of rhododendron, a shrub that blooms abundantly in West Virginia. The Hollywood Beach uses a distinctive drape as its symbol to connote regal quality. Oakton Manor developed two cartoon turtles, “Rest” and “Zest,” based upon relaxation and recreation. These symbols can be used in your space ads, in your direct mail, and in all of your promotional literature as well as on the premises, dimensionally and otherwise. You may grow tired of them because you see them all the time, but your guests and the reading public don't. You may simply create a distinctive logotype for your hotel name or use a special color or color combination.

Question: How much can a resort operator grossing \$150,000 put into his advertising budget?

Mr. Stein: If your business is purely guest business, somewhere between 5 and 10 percent would be my best guess and it is only a guess.

Question: How about travel agents as a means for promotion?

Mr. Stein: At Oakton Manor we mailed brochures and rate cards to 300 travel agents in eight adjacent states. Only 40 of them have given us business and just 12 have given us any substantial business when we need it. We cultivate these 12 travel agents.

Short Courses Upgrade Industry

Spiraling payroll, slimmer profits, and keener competition all around have placed a premium on productive workers in the hotel and restaurant industry. One solution top management has adopted to obtain better productivity is to upgrade managerial employees through short courses so that they can train workers they supervise. At least this was the deduction made by Dean Robert A. Beck for the increased number of managerial workers who attended Cornell's summer short courses in hotel and restaurant administration in 1961.

High wages, even for untrained new workers, emphasize the need for better supervisory and training methods, Dean Beck said. More technical know-how in the kitchen and housekeeping departments speeds up the work and insures better service. The department head who is well versed in his job and in human relations can train new workers and cut down employee turnover. At the same time, a knowledge of cost controls all through the operation provides a firm basis for insuring profits according to Dean Beck.

A recent tally found that fully 80 percent of the 235 Cornell summer registrants were department heads, supervisors, and other managerial workers. Even more significant, employers picked up all or part of the tab for such training and gave their employees time off to attend. Moreover, a liberal sprinkling of the bosses themselves was enrolled. Since the courses lasted only one to three weeks, neither worker nor boss was off the job very long.

This trend to upgrade productivity and standards through managerial workers is not limited to the

United States, Dean Beck noted. Some registrants came from as far away as Australia, Taiwan, Japan, Holland, Egypt, and Chile. There was also a good representation from Canada and the Caribbean.

The hope of bettering themselves brought many industry workers to summer school at their own expense during their vacations. There was the bartender who wanted to become a food and beverage manager and the hospital housekeeper who hoped to be promoted to executive housekeeper. Similarly, front office clerks wanted to learn accounting and waiters wanted to upgrade themselves to become food supervisors.

Of especial interest, perhaps, were the professional chefs in training to become teachers in their own kitchens and the chef-teachers of schools who wanted more professional skill. Teacher-training for chefs was inaugurated at Cornell four years ago under the direction of Prof. Matthew Bernatsky who has been a chef in leading European and American hotels as well as an educator and college administrator. This program attracted persons from a broad area, many the recipients of Statler scholarships.

The Cornell program of short courses has been offered for more than twenty-five years. They cover various phases of the operation of hotels, motels, restaurants, clubs, hospitals, and similar institutions. This year's offerings included hotel accounting, advertising and sales promotion, menu planning, purchasing, food preparation, personnel management, housekeeping, food facilities engineering, chef training for teachers, food and beverage control, and financial statements.

Internal Promotion for Hotels

by H. Victor Grohmann

Inform Guests of Hotel Services

Productive advertising, good publicity and sound public relations can only bring the guests to the door of your hotel. Then, as a hotel operator, it is your responsibility to take over by providing good accommodations, fine food and excellent service at fair prices. Moreover, it is your duty to inform your guests of all services you have available in your hotel.

You are in an excellent position to do a good selling job, pointing out to the guest your various services for his greater comfort and convenience. However, it should not be done to the extent that you infringe on the privacy of your guests by having twenty or thirty tent cards, leaflets and folders in the guest rooms selling your other services. It should be done in good taste, as you must remember that a guest considers his room his home during the time he is with you.

In other words you have, in effect, a "captive audience" which is probably not equalled in any other business or industry. You should make the most of the opportunity to sell this audience the merits of all of your services without being obtrusive.

Although the title of this article is "Internal Promotion," I would like to include all factors the guest may encounter from the time he arrives in your city. In this respect I would like to review not only the various forms of internal promotion, but also personal services available to this prospective guest, divided in the following categories:

Railroad Stations, Airports and Bus Terminals

These areas of heavy local and transient traffic offer fine opportunities for identification and selling of your hotel and its services as follows:

1. Investigate the possibility of displays, posters, counter cards and painted wall signs on a gratis basis. If you use posters, have them varnished or laminated to make them more durable and easier to keep clean.
2. Consider the use of 2 and 3 sheet posters located at heavy traffic points.
3. Check the advantages of a direct telephone line installed at a good location, properly identified, as a source of room business from those arriving without reservations.
4. Have members of your sales and front office staff contact passenger agents, information clerks and other transportation people for the purpose of securing their friendship and assistance in recommending your hotel.
5. Solicit overflow business from motel operators in your area on a reciprocal basis, particularly during the summer months.
6. Contact managers, assistant managers, room clerks in non-competing hotels, especially in smaller cities, for their support and business.
7. Sell your hotel locally. No hotel is better than its local reputation. Enlist the support of service organizations (business and professional), local businessmen, police, gas station owners and operators, turnpike or tollway attendants, etc., for room and food business. Show your appreciation by extending an invitation for a free meal or a week-end holiday.

Entrances to Your Hotel

1. Be sure they are readily identified by driver or passenger of automobile.
2. Be sure the name of your hotel is prominent and easily read by day or night from all directions.
3. Be sure your entrances are clean and attractive.
4. Be sure they are free of parked cars.
5. Be sure your doormen sell your hotel with a friendly, courteous greeting and assist in handling of luggage, garage service and directions to the lobby and registration desk.
6. Display a poster of welcome.



Lobby poster featuring opening and entertainment.

Registration Desk

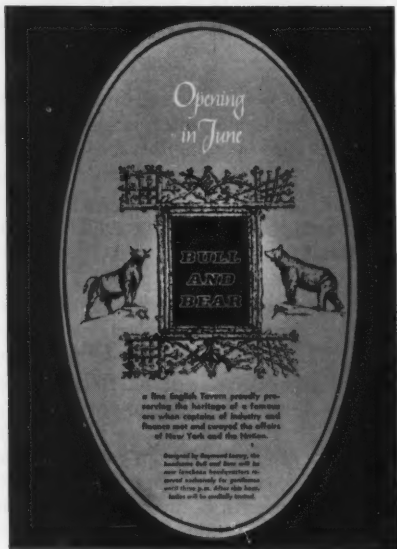
1. Be sure the room clerks extend a friendly but sincere welcome.
2. Be sure room clerks handle registrations promptly and eliminate long lines of excessive waiting by calling on assistance of an assistant manager.
3. Have room clerks solicit future reservations from registering guests and then request an assistant manager to contact the guest before his departure.

Bellmen

Instruct your bellmen, when rooming guests to sell the other services of the hotel such as laundry, valet, restaurants, room service and shops.

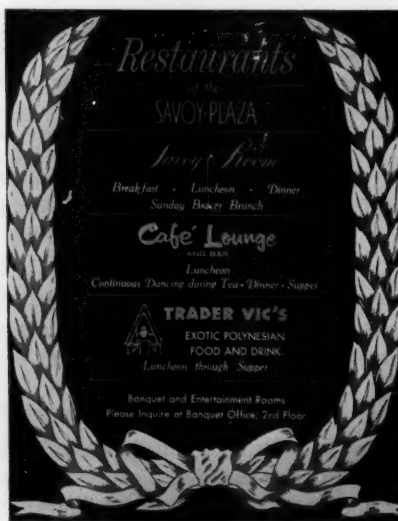
Guest Room Floors

Be sure that there is an attractive poster in a glass frame located as near as possible to the elevator signal button, featuring all of your restaurants, bars and lounges. It should either be arranged by meals or by restaurants. If arranged by meals, it should indicate the name and location of each restaurant and the hours it is open. If arranged by restaurants, it should indicate the various meals served in each.



General poster announcing opening of a new restaurant.

General lobby or guest floor poster featuring all restaurants.





Floor landing cards, one arranged by meals and the other by restaurants.

Such a sign will give a guest an opportunity to plan his day for the various meals. Too many guests walk out of hotels each morning to restaurants outside of the hotel, simply because they do not realize or have not been directed to a restaurant in the hotel where breakfast is served.

If the arrangement of the floor landing area lends itself to another poster, it can be used for various other sales promotion purposes such as inter-hotel reservations, valet service, laundry service, or entertainment copy.

Elevators

Each elevator should have provisions for a card in a suitable frame with glass front, approximately 11" x 14". These cards should feature the various meals and should be displayed during the periods when they are served. For instance, the card featuring breakfast might be on display from 6 a.m. to 11 a.m., the luncheon card from 11 a.m. to 3 p.m., etc. If your hotel has a number of restaurants, or if it features entertainment, a second

frame and display might be used on the opposite wall, with an appropriate message.

These frames should be at least 7 feet from the floor and should be either on the front or side walls of the elevators. The frames should be so constructed as to store all of the cards in daily use so that they can easily be rotated at specific hours. They should be printed back to back so that they will not take too much room.

In addition to these graphic displays, the elevator operators should announce restaurant service and the location of dining rooms during the period various meals are being served. For instance, "Luncheon is now being served in The Empire Room on the lobby floor."

Guest Rooms

Be sure that your guest rooms are not cluttered up with a large number of annoying tent cards, folders, leaflets, notices, hang tags, etc. Combine all of this essential information, where possible, into one attractive "Shops and Services" directory,



Elevator cards for various meal periods, including a special one for Sundays.

designed to get attention and readership. This directory should include complete information, with telephone extensions, on the following:

- Restaurants (including Room Service)
- Guest services (laundry, valet, etc.)
- Shops (including all shops in hotel and general area)
- Reservation information
- Transportation and general services

They should be of excellent design so as not to detract from the appearance of the room. In addition, they should be small enough for the guest to carry in his pocket and used also for promotion purposes.

Lobby

1. Be sure that your posters in the lobby are pleasing in style, in good locations and have sales appeal. Consider eliminating standing easels or

floor standards and relocating them on walls or columns—illuminated where possible. Try to get away from flat, dull posters and replace them with transparencies. Also consider having your posters varnished or laminated to enhance their appearance.

2. Be sure you have some standby posters which can be used while others are being made or revised.
3. It is advisable to have a good storage box for the protection of all of your posters and signs when not in use.

Restaurants and Lounges

1. Entrances should be not only attractive, but well lighted and clearly identified.
2. Be sure you have attractive displays or posters in good locations at all street entrances and make certain that they are timely; namely, "Luncheon now being served," etc.

3. Make certain that your menus are attractive and serve as a promotion piece instead of simply a list of food items. Consider the use of menu fliers to sell seasonal dishes, fruits or chef's specials.
4. Be sure your tables are not cluttered with tent cards, cover charge notices and other promotional material. These can be included in the menu or, at most, in one attractive tent card.

Barber Shop and Beauty Salon

1. Be sure to use cabinet cards and posters to sell additional tonsorial services.
2. Take advantage of this captive audience to sell entertainment, restaurants, bars, lounges and reservation services.

Inter-Hotel Reservation Services

1. If your hotel is part of a chain or group, be sure to feature this fact through use of displays at the front office, assistant manager's desk, transportation desks, lobby locations, ticket offices, etc.
2. Consider distributing fliers or folders through members of the sales staff, monthly billing mailings, correspondence inserts and with remittances to purveyors, etc.

The Convention Registration Desk

1. Make every effort to sell and merchandise your services to the convention delegate. This can be done at the convention reservation desks on the ballroom floor and other function areas, as well

as in the lobby and other locations where delegates gather.

2. Be sure to make a special effort to sell convention delegates on the advantages, value and convenience of patronizing your own restaurants, bars and lounges, shops, etc., while they are attending their convention.
3. If your hotel is part of a chain or group, make every effort to serve convention delegates by offering reservations at your other hotels. For a large convention this can be done by setting up a special reservation desk near convention headquarters.
4. Promote overnight room business for local persons attending private functions, rather than going home late.

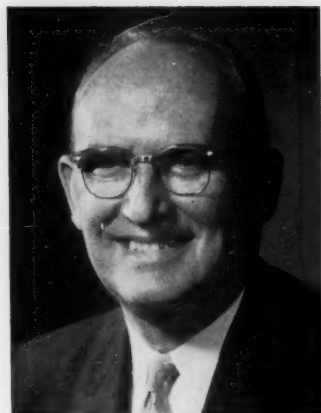
Back of the House

1. Use bulletin boards in corridors, locker rooms and other back of house areas to stimulate employee selling. Outline to your employees that people welcome suggestions and that guests will thank them if they point out the variety of helpful services you offer. In this way everyone will benefit—the guest, the hotel and the employee.
2. Keep your employees informed, through posters, etc., of all new sales promotion programs in effect.

Guest room hotel directories featuring shops, services and other information of the hotel.



H. Victor Grohmann, Cornell '28, is president of Needham & Grohmann, Inc., of which he was co-founder with the late W. R. Needham, Cornell '25. This company is now celebrating its thirtieth year of directing advertising for many leading hotel, restaurant, and travel organizations. Mr. Grohmann is on the board of governors of the National Association of Travel Organizations and is a member of the "People to People" Committee of the American Hotel Association. A popular speaker before national and regional hotel conventions, Mr. Grohmann has also written many articles and conducted numerous surveys on the hotel industry. For twenty-two years he has instructed and lectured classes and workshop groups at Cornell on hotel advertising. He is a former president of the Cornell Society of Hotelmen and is now a member of the Cornell Council.



Cashier's Desk

1. Be sure that your cashiers make every effort to check out guests as promptly and efficiently as possible, as they are often the last official contact before a guest leaves.
2. If possible, suggest making reservations for a future visit or for other hotels in the same chain or organization.
3. Extend a friendly and sincere departure greeting, so as to leave the guest with a pleasant feeling.

If these recommendations are followed as completely as possible your hotel will be doing a good internal sales promotion job. Of course, every employee in a hotel who comes in contact with the guest should serve as an ambassador of good will.

It is their capability, friendliness and service which determines whether a guest's stay is either pleasant or unsatisfactory.

If a guest has a complaint, try to take care of it as promptly as possible or refer it to the department head or assistant manager. In many cases a person making a complaint can become a satisfied customer and a real booster if properly handled.

If hotel operators will take care of their "captive audience" through the medium of good internal promotion as well as fine accommodations, they will not only greatly enhance the reputation of their hotels, but will also earn increased financial returns.

Food Service Planning Workshop

The Second Annual Food Facilities Planning Workshop, jointly sponsored by the National Restaurant Association and Cornell's School of Hotel Administration, was held on October 16-20 in Statler Hall on the Cornell campus.

The week-long workshop, attended by thirty-six persons from fifteen states and Canada, dealt with the fundamental principles and factors that are required to plan and program any project of mass feeding, as for hotels, restaurants, hospitals, schools, and industrial cafeterias.

Key speaker and moderator was Fred Schmid, president of Fred Schmid Associates of Los Angeles, Calif., who also summed up the high points of the meeting. Seven speakers from the School's faculty took part on the program: Professors O. Ernest Bangs, Matthew Bernatsky, Paul Broten, C. I. Sayles, and also Leslie E. Bond, Nicholas Schneider and Eben Reynolds. Dean Robert A. Beck welcomed the group on behalf of the School and Prof. J. William Conner, workshop director, was in charge of arrangements.

Wholesale Grocers Study Industry Needs

The Institutional Food Distributors of America, the division of the U.S. Wholesale Grocers' Association serving mass feeding projects, held a three-day session on October 23-25 at the School of Hotel Administration on the Cornell campus.

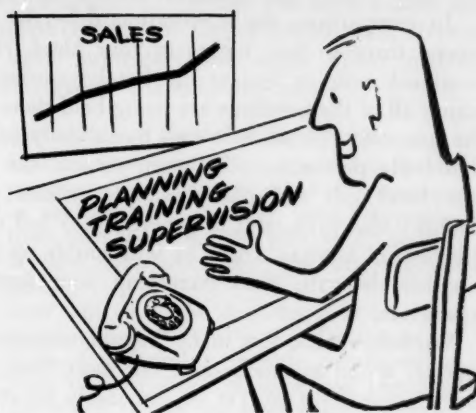
The primary purpose of this conference was to discuss ways and means by which the wholesale grocers could better serve their institutional patrons. The meeting was planned by Donald M. Kerr of Philadelphia, marketing research consultant.

The first day's discussion hinged about serving restaurants—their buying policies, financial problems and what worthwhile services can be contributed by wholesale grocers. The second day's discussion covered similar aspects of the hotel industry. The third day was given over to problems facing the wholesale grocer in meeting institutional needs.

Of especial interest was a joint discussion on frozen foods and micro waves by representatives of the Stouffer Corporation, leaders in the field of prepared frozen foods, and the Raytheon Corporation, developers of Micro Wave ovens.

Is your operation ready for this challenge?

Unprecedented building of new hotels, motor hotels, and motels in the 1960's will create the toughest competition that our industry has ever known.



Sales Policies for the 1960's

Winthrop W. Grice and Maurice O. Ryan

Hotels normally serve two types of business—transient and group.

Transient guests will even seek out the hotel and motel that has a good location, is comfortable, clean, and up to date, and which has good, friendly management. Of course these basic factors must be supplemented with the proper amount of advertising and sales promotion.

To attract group business, on the other hand, you must go out and get it. The competition for conventions, business meetings, and banquets is so keen that seldom will a group official walk in your door without considerable advance selling on the part of the hotel. For this reason, then, it is important to establish the hotel's sales policy and put it in manual form for the benefit of the staff. This procedure will do much to assure management that all forces have been properly organized and are being administered to achieve the maximum return in soliciting group business.

How to Determine Sales Policies

Questions that management should determine in order to establish an effective sales policy are outlined in detail below:

I. Do you need "Group Business"?

If you have *any* "slack periods" of occupancy, then, very simply, *you do!*

In those periods when your regular transient clientele (either commercial or tourist) is *not* patronizing your hotel you must find a way to supplement this "business void." We consider the booking of groups through a planned sales program as the very best way to increase profits during low occupancy.

II. Why is convention or group business often more desirable than your regular transient business?

Many of you may have clientele who stay with you or return regularly. Let's examine for a moment the spending habits of our "regular" guests.

Mr. Regular phones for his Tuesday "one-night-only," minimum-rate reservation for arrival at 10 p.m. He arrives, after having dined elsewhere, at 11 p.m. and retires to his room. He awakens late for his 8 a.m. appointment, grabs a quick cup of coffee and "danish" in the Coffee Shop and runs for a taxi to meet his client. After spending all day away from your hotel, he returns at 5 p.m. for a late checkout, and he's on his way to his next stop-over.

Perhaps we've used the "hard core" traveling businessman for this example, but haven't we all too often seen this guest at our hotels? Yes, and how much did he spend? Just the price for his room and a fast-fare breakfast!

In comparison, the convention delegate may spend three to four nights in your hotel. He is confined more or less to the hotel environs because all of the meetings are being held there and he generally has at least two meals daily in the hotel. He patronizes your room service, the bar, the hotel gift and barber shops, utilizes your laundry and valet, and in general, your full complement of services. Often he will double up with another delegate, thus increasing your average room rate.

We fully realize that many "regular commercial guests" spend as much as, if not more than, the convention delegate. Yet, it can safely be stated that *normally* convention delegates do spend more money in the hotel than do most transient guests.

III. What physical requirements does my hotel need to qualify for group business?

Ask yourself these questions: (If you can honestly answer them in the affirmative, you are ready to capture your sales goals and transform them into a policy manual.)

1. Facilities

Are your meeting and banquet facilities large enough to attract the size of groups needed to fill your sleeping rooms during "slack periods"?

For example: In order to book a group of 200 persons, you must have one room for the group's meeting, a second room for their banquet meal functions, and still additional space for registration, offices, exhibits, small committee rooms, and an assembly area, as well as approximately 125 to 150 rooms that can be committed to the group.

These same principles would apply to a group of 20 or 2,000—whichever would fit the capacities of your hotel.

2. Equipment

Is your convention and banquet equipment more than adequate to service *most* of the needs of the groups you are soliciting? For instance:

- ✓ Are you always short of five-foot round banquet tables?
- ✓ Are the chairs "antiques" or are they built comfortably for an all-day session?
- ✓ Do you give apologies for an inadequate number of blackboards, easels, microphones, and movie screens?
- ✓ Do you provide excellent lighting, good ventilation, and, particularly, dependable air-conditioning?
- ✓ If staging isn't permanent, do you have enough portable platforms to build adequate stages one-, two- or three-feet high?

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About the Authors

Winthrop W. "Bud" Grice (*right*) is obtaining an "inner-exposure" to Hot Shoppes' restaurant operations through an intensive food service program. This program is planned to equip him for more extensive managerial assignments as new Marriott properties are developed. Previous to this assignment, Mr. Grice served as General Manager of the Marriott Key Bridge Motor Hotel in Washington, D.C. (June 1960 to September 1961), having previously served the company as its first general sales manager.

Before joining the Marriott organization in 1959, he was assistant sales manager of the Pittsburgh Hilton Hotel prior to its opening. He came to that assignment from the sales department of the New York Statler-Hilton. During Mr. Grice's tour of military service, he was manager of the U.S. Army hotels in Berchtesgaden, Germany.

A 1953 graduate of Cornell, Mr. Grice is president of the Washington Chapter of the Cornell Society of Hotelmen and vice president of the Cornell Club of Washington. He lives with his wife and two daughters in Alexandria, Virginia.

M. O. "Bus" Ryan (*left*) is General Manager of the Marriott Key Bridge Motor Hotel in Washington, D.C., having come to that post on September 1, 1961. Previously, he was General Sales Manager for Marriott Motor Hotels (June 1960–September 1961), succeeding Winthrop W. Grice in that assignment as well as in his present one.

Before joining the Marriott organization, Mr. Ryan was Assistant Sales Manager for the New York Statler-Hilton. Before joining Hilton Hotels in 1956, he served as an officer in the Engineer Corps at Fort Belvoir, Virginia. During a portion of his military tour, he was club officer at Fort Belvoir.

Mr. Ryan is married, has three children, and resides in Annandale, Virginia. His father is M. O. "Bud" Ryan, manager of the Washington office of the American Hotel Association. His brother, Gerald O. Ryan, is employed in the Washington office of Horwath & Horwath.

- ✓ Do schoolroom meeting setups look uniform or are there *many different* sized tables with *many different* colored cloths covering them?
- ✓ Would you enjoy speaking from rostrums over your own public address system?
- ✓ Do you have heated banquet carts for keeping food warm between the kitchen and banquet rooms?
- ✓ Have you carefully inventoried your banquet silver service to make certain it is not only adequate but in good repair?

With adequate physical space and proper equipment in your hotel, you will naturally want to ascertain that proper steps have been taken to promote your services and facilities.

IV. *What should it cost to develop maximum group business for your slack transient periods?*

Now let us take a moment to discuss a suggested budget for your sales program.

Sales promotion expenses are generally budgeted at a figure approximating 4 percent of gross sales. New operations, getting a sales program underway, may even budget 10 percent or more. Here are the more important items that must be taken into consideration in laying out your sales promotion expenses:

- Salaries and wages
- Meals, entertainment and travel
- Brochures, floor plans, miscellaneous printed material
- Advertising in press, radio, television, direct mail, etc.
- Public Relations
- Office equipment, machines
- Postage, stationery
- Hotel representation out-of-town

After determining that funds can be allocated to round-out the essentials of a sales program, you are now ready to establish and/or review the standards and procedures under which your sales department should function to accomplish its primary objective: group business bookings during slack periods.

Now that all the basic components can be accounted for in attacking the "group business" market, you are ready to formalize your sales efforts into a written manual, or revise one previously prepared.

How to Prepare the Sales Manual

Sometimes just putting a thought or concept into written form helps us to see matters in a

better perspective. Whether you have a sales department now functioning or intend to set up one, the same principles will apply. Your manual should consider the following areas:

I. *Organization of the Sales Department*

1. How many persons will be required in the department (sales manager, convention manager or assistant sales manager, sales representatives, sales secretaries, file girls, etc.)? Budgetary limitations will dictate the best judgment here.
2. How will your sales department fit into your organization best? Are the sales department and banquet department properly coordinated in their responsibilities of sales and servicing? To whom should the sales manager report? Management must determine how close it should be to the sales picture.

II. *Purpose of the Sales Department*

1. Does your sales manager understand his "primary mission" so that he can administer it?
2. Is he putting proper emphasis in his solicitation on getting group business for the slack periods? Does he know the slack periods?

III. *Goals of the Sales Department*

1. Everyone needs something to "shoot for" as he takes daily aim at his task. Have you established realistic goals for your sales department either in terms of dollar volume for group business or else in terms of room nights from group business?
2. Might there be some method of developing an incentive plan to spur them toward and even beyond these goals?
3. How might a spirit of teamwork rather than of competition be developed as salesmen strive toward a goal?

IV. *Methods of Solicitation*

1. How do you want your sales department to seek new business? Should they work from a desk, a briefcase or both? Should they generally send a letter first, or make a telephone or personal call when a new lead is received?
2. What use do you expect the sales department personnel to make of the telephone? Do you want them to have full liberty to make long-distance calls or only to make local calls? These are among the basic matters that should be carefully spelled out.
3. What principles of "follow-up" should you establish for use until a piece of business is finally booked into your hotel?

V. *Sources of Business*

1. Have all the avenues been outlined along which your sales staff can acquire leads for new business, such as directory publications of industry and trade associations?

2. Are your sales personnel knowledgeable about the assistance they can get from their Convention Bureau and from their local and national chapters of the Hotel Sales Managers Association?
3. Are your sales personnel expected to join business organizations in your community in order to meet and know others who may have business for them?

VI. Development of a Filing System

1. In breaking down your market, do you have a filing system that reflects each area with proper emphasis on tracing and follow-up of accounts?
2. Are procedures spelled out that deal with the assignment of files to sales department personnel?
3. Are files periodically reviewed to assure that every step is being taken to turn prospects into more business for your operation?

VII. Rates and Rentals

1. Have you set forth a schedule of rates and rentals that you expect your sales department to achieve in the bookings they make?
2. Does the sales department understand the variances that must be dealt with and the formula, so to speak, that they should apply in quoting equitable and profitable rate structures for prospective groups?

VIII. Sales Forms

1. Does your sales department have the necessary administrative forms to detail their work? (This process should begin with the steps of solicitation, point of sale, steps of servicing, and finally resolicitation. Forms will help to standardize each of these areas of work.)

IX. Methods of Reporting

1. Does the sales department have an effective means of reporting results? Of justifying its existence?
2. Are measures provided therein that illustrate individual and departmental progress in achieving assigned goals?

Benefits of a Sales Manual

With a sales policy manual in force you can expect to accomplish the following:

- Recognition of an effective sales plan for your operation.
- Provision for orienting new sales personnel on the workings of the department as well as a constant reference on policy.
- Standardization of procedures for solicitation and servicing.
- Establishment of a means to measure the effectiveness of the sales department.

Additions to the manual can and should be maintained to keep the material up to date. A looseleaf binder will serve this purpose well.

The effectiveness of your sales program will naturally depend upon the abilities and sustained drive of your sales personnel. A job description for each position in the sales department should be developed, so that each person has a clear picture of what is expected of him as an individual serving on the sales team. With these items carefully spelled out and administered you're at least on first base.

Survival Insurance

The growing competition in our industry must be met through a well-rounded sales program that concerns itself with the survival of your operation. The "transient" guest fully realizes that he has many new hotels and motels from which to choose. The business traveler, once the backbone of a hotel's repeat business, is still important but he too is becoming increasingly fickle, and, as mentioned at the outset, his patronage often represents little more than room rent for one night.

Getting commitments *today* for group business in your hotel one, two, and even five years ahead is the best insurance you can have to guarantee a successful operation during the keen competition of the 1960's.

The Marriott organization recognizes the full need for aggressiveness now in booking group business. We've asked ourselves the questions set forth in this article and have taken action on them. It is our sincere hope that other hotelmen will do the same.

What can the small city hotel do to increase its sales volume?

"Operation: Break Even" by Paul C. Kilborn gives full details. Reprints from the February 1961 *Quarterly* are available at 35¢.

The New York City Convention and Visitors Bureau reported that in 1960 there were 733 conventions and expositions in New York bringing in 3,259,598 delegates and guests who spent an estimated \$202,658,780. The spending broke down in this way: for hotel rooms, 29.8 percent of each convention dollar; hotel restaurants, 9.3 percent; other restaurants, 15.7 percent; beverages, 4.55 percent; retail stores, 18.4 percent; night clubs, 4.48 percent; sightseeing, movies and theatres, 12.22 percent; local transportation 4.28 percent; and gas, oil and car service, 1.09 percent.

*An accountant speaks out concerning
advertising and sales promotion budgets.*

What Price Budgets?

by Joseph Brodner, C.P.A.

Partner—Harris, Kerr, Forster & Co.

Advertising today is an evolution of modern industrial competition; it is a business builder with a potential limited only by the scope of man's imagination. Advertising is a positive, creative force that builds factories, skyscrapers, railroads, airplanes and hotels. Modern advertising has made yesterday's luxuries today's necessities.

Advertising's contributions to industrial growth and personal income have been achieved through acquainting the public with the names, the nature, and the use of the products for sale, by creating within the public's mind the desire to try these products and, once tried, by establishing continuous acceptance of them. For the greater part, advertising has done this by stating honestly just what the public may expect and by making certain that the contents of the package offered for sale is as attractive as the wrapping itself.

Honesty in Advertising

For the hotel, honest advertising is especially important. A hotel has a definite product to sell—it cannot "switch over" to another if the current one fails to sell. The hotel has an important standing in the community. If it does not maintain that standing it may ultimately find its doors closed and its shutters down.

The products the hotel has for sale, whether rooms or meals, must be exactly as described in its advertisements and this is the task of its advertising and sales promotion department. It must advertise the hotel's products to create a "want" on the part of the prospective guest. And when this "want" has been created, the hotel must "deliver the goods" to assure continued accept-

ance of its products. Simple logic dictates that it is much easier to increase the flow of business from its original source than to divert it from other channels.

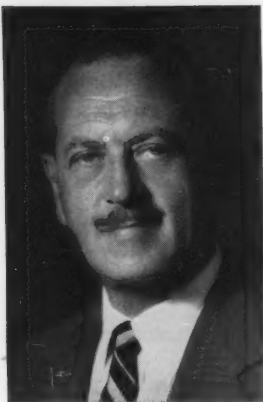
Advertising as a Cost

It goes without saying, of course, that to advertise costs money and this leads to the problem of determining a proper budget. How much will a planned advertising campaign cost? What constitutes a proper budget? What problems will be encountered in its determination? Regardless of the cost of advertising, whether a thousand dollars or a million dollars, it must always be borne in mind that the return of this money must come from the guest—from the money he pays for the product the hotel has sold him or the services it has rendered. The cost of advertising is part of the cost of operations.

But advertising is also an "investment." When there is a sound advertising program, the "principal" should be returned with favorable "interest." How large an investment advertising really can be is well illustrated in the 1960 edition of our "Trends in the Hotel Business,"* which is a statistical analysis of business activity for 400 hotels located in 238 cities and towns throughout the United States.

During 1960, these 400 hotels spent well over 25 million dollars for advertising and sales promotion and, with a continuation in the downward trend of room occupancies as well as in patronage of restaurants and bars, these hotels may well

*"Trends in the Hotel Business for 1960," Harris, Kerr, Forster & Co., 18 East 48th Street, New York City 17.



Joseph Brodner, C.P.A., is a partner of Harris, Kerr, Forster & Co., a national firm of accountants, auditors and consultants serving hotels, hospitals, clubs, and institutions. He is a member of the American Institute of Accountants and of the C.P.A. societies in the states of New York, New Jersey, and Louisiana, the National Association of Hotel Accountants and the Hotel Accountants Association of New York City. Mr. Brodner has spoken before many accounting and trade groups and his articles have appeared in the professional as well as the trade press. He is co-editor of the book, "Profitable Food and Beverage Operation," and is a contributing author to J. K. Lasser's "Handbook of Accounting Methods," "Handbook of Tax Accounting Methods," and "Handbook of Auditing Methods."

spend even greater sums in the years that lie ahead. Since 1951, when advertising and sales promotion costs averaged out to \$88 per available room and represented 2 percent of total sales and income, these costs have increased without interruption so that by 1960 they absorbed 3 percent of total income and equalled \$164 per room. Thus, advertising costs have almost doubled during the past decade.

Averages Are Not "Standards"

It is important to recognize that the figures cited in the preceding paragraph represent *averages* and are not to be considered a standard of performance for any one hotel. They serve the same function as the averages we read and hear about in our every-day life. When we read, for instance, that the cost-of-living index for New York City residents has increased 11 percent during the past five years, we know that it does not mean that it has advanced this precise amount for each resident. The factors making up this index will vary among any given group of people and so will the percentage of increase. It *does* mean, however, that *on an over-all basis*, the increase averaged 11 percent. When the federal government releases figures showing that the nation's population has increased by one-fifth during the past ten years, it is understood that not every community paralleled this growth—some may even have recorded reductions. On the whole, however, the increase of one-fifth remains a fact.

In our discussion of hotel advertising costs, therefore, it is a fact that for the group of 400 hotels included in our 1960 edition of "Trends in

the Hotel Business," advertising and sales costs absorbed 3 percent of total sales and income and averaged out to \$164 per room. It would be sheer coincidence if, within the group of 400 hotels, there were any whose advertising costs precisely equalled the group-average ratio based on total sales and whose costs per available room would average out to \$164.

As a matter of record, a breakdown of the group of 400 hotels by the three types of hotels analyzed in our study indicates that for 300 transient hotels, 1960 advertising and sales promotion costs averaged \$155 per available room and represented 2.8 percent of total sales and income; 60 residential hotels averaged \$115 per room and consumed 2.4 percent of total sales; and 40 resort hotels averaged \$374 per room and absorbed 5.4 percent of total revenue. In the study, the transient hotels are further analyzed by five geographical divisions of the United States, by five rate groups, and by five size classifications. Within each of these subdivisions there are wide differences in advertising costs both in terms of ratios to total sales and in dollars per available room.

These variances do not lessen the value of averages; instead, they serve to emphasize the importance of using them solely for the purpose for which they are intended—as guides from which to evaluate particular factors affecting the data for an individual operation. Averages are historical reminders of what has happened in the past; if they can motivate thoughts and action in charting future courses, their existence will have been fully justified.

Tailor Budgets to Needs

The fact that we (Harris, Kerr, Forster) are recognized as specialists in the hotel accounting and consulting field does not make us experts in the advertising and sales promotion field, of course. Yet, the very nature of our work demands more than a nodding acquaintance with the ramifications of hotel advertising. Consequently, we have devoted a great deal of time in studying and keeping up with this subject. As a result of our research, we have naturally formed some definite opinions as to the factors to be taken into account when planning a sound advertising and sales promotion campaign. At the very outset we learned that a good sales promotion program for one hotel will not necessarily be a good one for another, and the fact that one hotel spends more for advertising than its neighbor is no guarantee that the return on its investment will be greater.

We also concluded that there is no fixed formula for successfully determining a proper budget to be used by all hotels. True, there may be several methods which might prove successful for a particular group of hotels; but in the long run the conclusion must be drawn that each hotel presents an individual problem.

Actually, this is as it should be. We are firm believers that each hotel has an individual character, that something about it makes it different even from the hotel across the street. It may be the size and type of the building itself. It may be the character of its clientele; it may be its rate structure. Certainly, an important factor is the nature of its business—whether it is a transient, residential, resort or motor hotel; whether it has a restaurant and a bar; and whether it furnishes entertainment. Each one of these factors must be considered in building up an advertising budget, and each one of these factors will ultimately decide the size of this budget.

One all-important element, however, must be present in all types of advertising programs: the hotel must have a good product to sell; its house must be in order; the package it offers for sale must have "eye appeal."

Fixing the Sales Budget

Without doubt a great deal of thought and study must go into the preparation of a budget for a sound advertising and sales promotion program. The simple expedient of placing the entire burden in the hands of the director of the sales

Continued on page 42

An Advertising Man Speaks on

THE SALES BUDGET

Hotel advertising and sales promotion should be planned for at least a year ahead and as part of a long-range program extending over a three to five-year period designed to accomplish a certain marketing goal. The sales budget is generally fixed in dollars for the year, either calendar or fiscal. The most important point to bear in mind is to make the budget adequate to do an effective sales job. Volume, spurred by advertising and sales promotion, is today's acute operating problem.

The budget may be set as a given percentage of room sales or of total sales for the past year, the typical year, or the forecast year. Promotion for such special occasions as the opening of a new hotel or restaurant (or their rehabilitation) should have a special budget that is chargeable as a capital expense. Other factors influencing the budget include what the hotel's competitors are doing and the economic trends in the hotel's particular locality.

In general, the larger the hotel, the greater the amount it must spend per available hotel room. The same holds true for higher rates. Harris, Kerr, Forster, hotel and motel accountants, report the following percentage trends for advertising and sales promotion among different categories of hotels:

Classification	% of Room Sales	% of Total Sales
Large hotels	8-12	3-8
Small hotels	6-10	3-6
Large "class" hotels	8-15	6-10
Small "class" hotels	6-10	4-6
Residential hotels	4-6	---
Resort hotels	---	4-10
Restaurants	4-10% of total food and beverage sales.	

The hotel advertising and sales promotion budget is often broken down as follows:

Budget Expenditures	% of Total
Paid space advertising	50-60
Mechanical production	4-8
Internal Promotion	5-15
Folders, brochures, and other printed pieces	5-10
Direct Mail	5-10
Sales Staff	10-15
Miscellaneous*	5

*The budget should include a contingency fund to provide for essential promotion that cannot be forecast in advance.

(Adapted from a lecture given by Howard Heinsius October 14, 1961.)

promotion department is not the answer. This procedure is not only unfair to the director, but to the hotel as well. Any well-rounded sales promotion program requires not only the complete cooperation and understanding of the owner, the manager, the advertising agency, and the accountant-consultant, but also of the various department heads who in any way enter into the picture of selling and servicing, for, after all, no one is closer to the specific job than they.

Of primary importance, of course, is the appropriation for a sales promotion program—how shall it be fixed? Among hotel operators of our acquaintance two methods seem to have particular appeal:

1. The percentage of sales method.
2. The market survey method.

A third, the unit of sales method used extensively by manufacturing industries, has also found limited favor among some hotelmen. Yet, on the sound advice from advertising agencies and on the basis of our own studies, we hesitate to recommend this method for hotel programs.

As a Percentage of Sales

The most appealing feature of the percentage of sales method is the ease with which it can be employed. By this method, advertising expenditures are related to sales; that is, the amount spent for advertising is made dependent upon the volume of sales anticipated for a future period.

This relationship, however, is often approximate and indefinite. Assume, for example, that budgeted sales for the coming year are estimated at one million dollars. It has been decided to appropriate 5 percent of this amount, or \$50,000, for advertising and sales promotion, which amount appears to be adequate. There is no way of determining, though, whether this \$50,000 will prove sufficient or insufficient in the million dollar sales promotion program.

There has been a tendency on the part of some hotels, when employing the percentage of sales method, to use the averages recorded for a group of competitive hotels or even the averages for the industry as a whole. As a guide and indication of the trend these procedures are quite satisfactory but to use them indiscriminately, just to "keep up with the Joneses" as it were, might well prove to be a case of the blind leading the blind. How, for example, can a hotel know whether the advertis-

ing programs of its competitors are producing the desired results? There may be wasteful expenditures, or perhaps opportunities have been overlooked that additional advertising may have turned into sales.

The fact of the matter is, there is no exact formula for determining the precise percentage figures to be used in the percentage of sales method. In the final analysis, the advertiser has to decide on his own ratio and on his own program in the light of his own particular circumstances.

The Market Survey

A far more reliable method, albeit more costly and time-consuming, is the market survey. This is a comparative newcomer to the hotel advertising field but one which has gained steadily in popularity among alert managements. Under this method a reasonable sales objective for a definite period is first decided upon, based on a proper survey. Next, the job that the advertising and sales promotion program is to do is clearly defined. And finally, an amount is appropriated that will be sufficient to see the job through its various stages.

The chief advantage of the market survey is that it substitutes for guesswork a reasonably accurate method of determining the advertising appropriation based on known facts. It defines the job that advertising is to do, and then allocates the amount necessary for the job—and that is a very important factor. Time and again, while sitting in on advertising campaign discussions, we have witnessed the reverse approach. First an amount to be spent for advertising was determined and then deliberations ensued as to how the appropriation should be spent. As we saw it, the cart was being put before the horse.

The market survey method is more than just a means of deciding on the proper amount to be spent for advertising. It provides a thorough review of the hotel's marketing and selling system, of which advertising is a part, and points the way to a planned program. Applied with common sense, it will clarify advertising and selling policies to a marked degree.

Evaluating Advertising

The success of any business enterprise is measured, of course, in terms of its return on the investment in the business. In the case of the investment represented by advertising expenditures,

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Is a "new plan" necessary for hotel promotion?

American Plan vs. European Plan

John H. Sienold

*Director of Sales, The Savoy Hilton, New York City
Past President, Hotel Sales Management Association*

Definition of "Plans"

Today's "Visit U.S.A." program suggests that hotelmen in our country would do well to reappraise their so-called "American Plan" and "European Plan" types of operation in light of how best we can fill the needs of visitors from abroad. At the same time, it brings up once more for review the need to entice more domestic travelers into our hotel dining rooms.

For nearly two generations we have customarily defined "American Plan" as including both meals and lodging. And the "European Plan" has been accepted to mean, on this continent at least, the quoting of a separate rate for the guest room apart from that for meals, which may be purchased at extra charge in the hotel's dining rooms or served in the guest's room.

Presently many resorts, where the American Plan was once the rule, have started quoting prices on the American Plan, the European Plan, and the "Modified-American Plan." The latter typically includes breakfast and an evening "night club" dinner. These terms are somewhat confusing, to say the least, not only to visitors from abroad, but to Americans as well.

Travel Agents' Commissions

Another factor that calls for reviewing present hotel practices relates to the requirements of the International Association of Travel Agents. These

specify that "creative package tours" must include at least one meal with the lodging in order for travel agents to reap the benefit of a 10 percent commission on air travel instead of the customary 5 percent on travel abroad.

How It All Began

A study of the origins of these two concepts of hotelkeeping—American and European—reveals that the American Plan, which always included room and board, was the general practice in this country until the late 1830's. This concept of pricing board with lodgings originated in the wayside inns and taverns, most of them private homes or formerly such, where travelers took "pot luck" with the proprietor and his family. This practice carried forward into the new "palatial" city hotels that were erected early in the eighteenth century in such growing centers as New York, Boston, and Baltimore.

These town hotels soon became the gathering places for both the local and transient citizenry where the news of the day was exchanged. Stage coaches clattered up to the door bringing news, mail, and visitors, although by far the greater percentage of a hotel's guests was residential.

Most of these early inns were constructed somewhat on the same principle of today's motels—they had a central court for parking horses, carriages, and other conveyances. The bar, the lobby, the registration desk, and luggage storage were

all in one common room. The hotel's long dining room, built to house the huge dining table, also lent itself admirably to the holding of banquets, balls, receptions, and even lectures.

The Groaning Board

Here the guests sat down together at long common tables upon which all the food was set at one time, much in the style of the old-fashioned boarding house. Men and women were seated at different tables and often in different dining rooms. Mine Host and often his room clerk took turns carving the roasts at a side table to heap the platters that were passed around the table. Guests were summoned to these banquet-like meals at set hours by means of a gong or dinner bell. And the more enterprising hosts clanged their dinner bells upon the streets.

Food Promoted Hotels

The success of a hotel in those days depended solely upon the quality, quantity, and variety of the food it served as the guest rooms were often quite primitive. The rates ranged from \$1 to \$2.50 maximum a day.

Food was plentiful. Twenty or thirty dishes on the table at any one meal was normal and instances have been recorded when the number rose to one hundred. (Today's smorgasbord, might be a lineal descendent!) These generally included roasted beef, pork, lamb, wild turkey, and often venison; boiled ham and tongue; wild pigeon; fish and shellfish; eggs in any fashion; fruits and vegetables in season; hot and cold breads; and all topped off with pastries and puddings. Some hosts even threw in a pint of Madeira. But food was cheap—game and barnyard meats were a glut on the market since this was before the days of refrigeration. Venison sold for 3½¢ a pound and wild pigeons were 1¢ apiece.

Besides meals, the \$1 to \$2.50 rate included a bed for the night which often had to be shared with a stranger. Single rooms were rare, bathrooms non-existent, and linens changed infrequently. Most guests slept dormitory fashion and several to a bed. These prices were low, even for that time and hotel operators then as now were happy when they broke-even on their food operation. But a "good table" was considered the best advertising media and profits depended upon the bar business as is true in many of today's hotels.



John H. Sienold was born and educated in the western part of Germany. Educated to become a banker, as was his father before him, Mr. Sienold came to the United States in 1930 but found opportunities in this field non-existent. Friends advised him to seek work in the hotel industry and, after only three months of "apprenticeship," he became maitre d'hotel of a resort in the Catskills. At twenty-six, he became the banquet manager for Hotel New Yorker, then one of New York City's newest and largest hotels. From the New Yorker, he went to the Hotel Plaza as sales manager, later crossing Fifth Avenue to become Director of Sales for the Savoy Hilton (formerly the Savoy Plaza). Mr. Sienold, who had served as president of the New York City Chapter of the Hotel Sales Managers' Association, was elected president of the Hotel Sales Management Association, an international organization, in 1959. Mr. Sienold, his wife Jean, and his son Richard live in Baldwin, Long Island.

Visitors from Europe during this period were constantly amazed at how much they could get for such low prices. Among others, Dickens and Harriet Martineau wrote about the bountiful tables, the amazing scenery, and America's "great experiment." It can be assumed that if travel had not been so precarious in those days the "Visit U.S.A." program would have had its start then and there. Even without it, hotels, incredibly enough, served as many as 200 or more at one sitting. And with meal hours so arranged and so time-consuming, little time was left to see the town.

Innovations in Dining

As larger new hotels were built and the number of transients and boarders increased, the custom of placing fifty and more dishes on the table at once was slowly replaced by the "French" type of service. Guests still sat around huge tables but the food was brought from the kitchen in covered dishes to sideboards where the meats were carved into portions. Waiters then served the food banquet-style. It was only a small step forward to begin providing menus (literacy was on the increase) and serving each guest only what he ordered and at small tables.

New hotels, such as the Tremont in Boston (1829) and the Astor House (1836) in New York began to serve meals at hours convenient to their guests and at any hour, even in their own rooms if they so desired. This imported practice drew acid comment from some who felt it was undemocratic. Others questioned whether visitors from the country would want to dine in seclusion when the wives, especially, made the tiresome journey simply to dress up and sit about the convivial table. The popularity of today's convention banquets, so far as the wives are concerned, shows how right these early critics were.

These newer hotels provided innovations in guest rooms that were startling for the times—singles, doubles, and suites—elaborately furnished in many instances and with locks on the doors controlled by the guest's own key.

Debut of the European Plan

The European Plan originated in France and was brought to America about 1835 by French emigré chefs. After the French revolution, many notable chefs who had served the aristocracy fled to this country, mainly to New Orleans where they opened restaurants. Later some moved on to Eastern cities, attracted by greater opportunities, and began to revolutionize food preparation and service there. In the years that followed, it became the trend for numerous European-trained chefs and waiters to seek their fortunes in America, often preparatory toward returning to their own lands to open their own establishments.

As time went on, more of our newer city hotels began to offer their guests a choice of either the "American Plan" or the "European Plan." The latter was advertised to include bedroom, breakfast, and afternoon tea. The hotel's restaurant was open from seven in the morning until eleven at

night and guests were free to dine whenever they pleased and were charged accordingly.

As guests registered they were asked, "American or European?" The story goes that when one well-to-do Englishman, over here on a visit, was so queried he snapped back, "I am European, but I don't see what business that is of yours!" Even in those days the operating pattern of our hotels confused the visitor from abroad.

Economic Developments

The European Plan did not predominate in our city hotels until after 1870. Many factors contributed to its rapid adoption after the Civil War. Foremost, perhaps, was the inflation in food prices. Second was the vast post-war increase in travel as the railroads were completed and improved. Many more hotels, each more ornate and luxurious than its predecessor, were built to meet the needs of this boom in travel.

Travel gathered impetus from the burgeoning economy—big business, large manufacturing plants, nation-wide distributors with salesmen on the road developed rapidly. Moreover, as cities expanded their boundaries, the hotels and marts of business were often too widely separated to make a mid-day meal possible in the hotel for some visitors. And finally, the restaurant as we know it today began to flourish and attract patronage away from hotels.

The "Modified European Plan"

The practice of including breakfast in the price of the room, once a universal custom in European hotels, has practically disappeared since the end of World War II. As late as the 1920's, several of our city hotels continued to quote room rates that included breakfast. And, whether the guest wanted it or not, breakfast was included in his bill. The Taft Hotel in New Haven, Connecticut, continued this custom until 1927.

When the Barbizon Plaza opened its doors in New York City during the summer of 1930, its innovation of serving a "Continental Breakfast" in guest rooms was given wide publicity. From four o'clock on each morning, a staff of girls worked feverishly at packing rolls, butter, jam and a thermos jug of coffee into cardboard boxes designed to slide through a flap in the door of occupied rooms. Throughout the hotel the gentle thud, announcing the arrival of these goodies between 6:30 and 7:00 a.m. each new day, was the

signal for sleepy occupants to rise, shine and partake of the hostelry's welcome "eye-opener."

In 1945, when food costs were on the increase and forecasts indicated they were due to scale even higher, the "Continental Breakfast"—which was then costing the Barbizon Plaza about \$10,000 a month—was discontinued.

Return of the Hotel Breakfast

In recent years the promotion of "Package Tours" has made it necessary for city hotels to include at least one meal daily in the overall price for hotel accommodations. This inclusion of one meal, as mentioned earlier, is essential for the tour to qualify for the 10 percent commission on air travel to travel agents. Breakfast, the least expensive meal, is thus again being quoted as part of the room charge in the city hotel tour package for visitors from abroad.

Both the Waldorf-Astoria and the Commodore in New York have promoted summer business for the last three years by quoting a special all-inclusive rate covering both room and breakfast. The Commodore limits its plan to family reservations, while the Waldorf makes its Summer Festival Plan available only on advance reservations. Both hotels are enjoying a satisfying response to these special promotions in the form of yearly reservation increases.

Need for a "New Plan"

City hotel operators lament the habits of guests who prefer to eat meals outside their hotels. Yet a price formula has not yet been found that would encourage the regular transient guest to take at least one or two meals at his hotel. The potentials of a bigger dining room turnover, with the same crew, if possible, could very well help to reduce the red figures in many hotels' food operation.

Most foreign visitors, unlike our own countrymen, prefer to eat their meals in the hotel at which they are staying, especially on their first

visit. This is true because they are not acquainted with local restaurants. Unless they are accompanied with a tour conductor or by a friend who knows his way around, visitors from abroad shun outside eating experiments during their comparatively short stop-overs.

Room, breakfast, and an early dinner, all served in the hotel's dining room at set *table d'hôte* prices that include gratuities and tax, best fill the needs of foreign visitors. This fixed price permits them to budget their daily expenses. It also assures the hotel of a higher dollar sale per guest. Many domestic travelers would also welcome "room with breakfast" and thereby hotels, with a modest rate increase, could build business for the food department.

Jet travel is constantly opening new markets for both new and old hotels in our large cities. How successful a hotel is in its merchandising techniques depends largely upon how flexible its management is in adapting its mode of operation to meet the needs of these new markets.—domestic and foreign.

Americans—a mobile nation of people, constantly on the go regardless of their income strata—provide a growing, ever-changing market. Now that Europeans are also relatively prosperous in all walks of life, they have an urge to travel, an opportunity once limited to the aristocracy and the well-to-do in their countries. This new European market is of tremendous proportions and a visit to America, the legendary land of dreams come true, is the goal of many. The new European emigré comes to sightsee, not to stay, and he comes with his purse filled, not empty.

The American hotel industry, long established as a leader in stimulating travel, now faces a challenge: namely, we must come up with a "plan," be it called "American" or "European," tailored to meet the requirements of the new era in which we live.

Hotel guests who pay for meals and lodgings on an overall charge (or the American Plan) owe no cabaret tax for entertainment while they are in their hotel's dining room, according to a ruling of the Internal Revenue Service reported in the *Wall Street Journal*. The tax does apply to guests registered under the European Plan, whereby they pay separately for each meal. The American Plan guests must still pay taxes on food, drink, and service ordered beyond the regular bill of fare during entertainment periods.

The NORTH AMERICAN Story

by Frank W. Berkman

More cooperation is needed from hotels and travel personnel in serving visitors from abroad, according to Voit Gilmore, director of the United States Travel Service. Speaking before the NATO Convention at Jackson Hole, Wyoming, in late September, Mr. Gilmore pointed out the need for "oldfashioned courtesy and consideration, menus and signs in two or more languages, bilingual service personnel, a knowledge of foreign currency and a willingness to exchange it at published rates and a friendly understanding of the problems of strangers in a new land." The large hotel systems have already taken steps to serve the visitor from abroad. In this article Mr. Berkman points out how independent hotels are working together to better serve the foreign traveler.—*Editor*

A New Travel Market

April, 1960 might very well go down as a banner year for the American hotel industry. It was then that currency regulations limiting the amount of money a European national might take on his or her travels were relaxed. For the first time in twenty years, it was possible for the average European to visit the United States in the role of tourist.

Prosperity in Europe coupled with the relaxation of currency restrictions opened the market. Soon this was followed by the introduction of a 17-day excursion fare special on the major trans-Atlantic airlines; by the "Visit U.S.A." promotion; and by the development of an international climate for meetings between industrial, professional and scientific groups for a world-wide exchange of information and ideas.

Independents Organize

In May of 1960 a small group of hotel executives met and decided the time had come for independent hotels on the North American continent to create a direct representation service in order that they benefit from this potential market. The outcome of this meeting was the formation of North American Hotels, Inc. The function of this new organization is to serve in Europe as a source of information for European travel agents and carriers on its member hotels, their facilities and the availability of sightseeing and tours in their locations.

More important to the agent was the fact that the offices in Europe of North American Hotels were in a position to make immediate direct confirmed reservations "on the spot" for hotels throughout the United States and Canada. North American Hotels, Inc. serves as a representative selling and promoting its member hotels in the United States on the European continent and the normal agency-hotel relationship remains intact.

The Information Vacuum

With the concept of North American Hotels created, a team was sent to Europe to meet with the various agents and to do market research as to what their requirements would be. This team uncovered the astonishing fact that a complete vacuum of information about the United States and its facilities existed, resulting in travel agents pushing clients to anywhere but North America for lack of information.



Frank W. Berkman wears many hats in the hotel industry. He is president of North American Hotels, Inc., which he was instrumental in organizing; vice president of Mansion Hotels, Inc.; vice president of Mansion Management Co.; past president of Hotel Sales Management Association, international organization, and also of the New York City chapter. He writes that he was "born in New York City, is married, and has been blessed with seven children." He is also a U.S. Navy veteran.

One British travel agent contacted a dozen major New York City hotels with a request for their rates, types of accommodations, and such, asking for an immediate reply. Three replied within five days; another six replied within 14 days; one within 18 days; and *two never took the trouble to reply at all*. The agent, naturally, assumed that Americans were not interested in developing tourism. Only under the most pressing circumstances would he seriously attempt to book a United States itinerary for his client.

Need for Service Agency

It was found that most European traveling itineraries included a number of American cities. The cost of the trans-Atlantic flight necessarily had to be amortized over many areas in the United States if it was to be justified.

This itinerary created a problem for the European travel agent who in the majority of cases was not geared to handle this new area of travel. The basic information on tours, hotels, rates, facilities, meal costs and transportation within the United States was not at that time readily available to European travel executives.

Thus, to meet this need, it was absolutely necessary for American hotels to create a service facility whereupon European agents could book visitors to the United States as simply and efficiently as they could book tourists within Europe.

It was obvious that North America had to show personal interest in serving Europeans; should have a central source of information available; and an office to make confirmed "on the spot"

reservations at guaranteed prices within a budget acceptable to the average European. Only on this basis could the European travel agents be encouraged to sell America.

From a financial standpoint it was obvious that no individual hotel could support an operation such as would be required to make this possible. We knew that there must be dozens of fine independent hotels throughout the United States and Canada who would appreciate the potential of the European market and be willing to support such an office. We were right, and on an initial mailing, outlining a proposal for European representation, their enthusiasm was overwhelming.

Price the Key Factor

During our tour in Europe we discovered that generally the typical European saved his money for many years before making a trip to America. Consequently he was extremely cost conscious and the price structure, common to American travelers, is extremely uncommon to most Europeans.

Price is a key factor. The European visitor wishes to know in advance exactly what his expenses will be and moreover feels far safer paying in advance for as much of his travel as possible, including hotel accommodations and meals.

This advance payment plan offered a double advantage to the traveler. Besides knowing exactly the cost of a journey, much of his trip could be paid for at home in native currency allowing him the maximum sum of available cash for his trip that this country permitted to be taken out.

Organizing for Service

Judging from the wonderful response from hotels throughout North America that rushed to join with us when our venture was announced, I can say that members of our industry definitely want to play host to our visitors from abroad.

Our next question was: "Were our hotels prepared for this new type of business?"

I would say, for the most part, that at this time they were not. During the past six months tremendous advances have been made in acquainting American hotel operators with the wants and need of the specialized type of client who comes to our shores from Europe.

Instruction Manual

To this end, North American Hotels issued a large manual to all of its member hotels telling how visitors from abroad should be handled and what staff arrangements were necessary to carry out a program to this end.

The "International Manager"

Every North American member hotel now has an International Manager whose responsibilities are the extra services afforded to foreign visitors. He greets foreign guests and tries to assist them in making their arrangements. The International Manager has available a list of the hotel's employees who speak foreign languages, the hours they work and thus has interpreters available to assist his foreign visitor on an around the clock basis within the framework of his own staff.

He is thoroughly aware of what interesting sights the foreign visitor might want to see in his city; he has a list of the various doctors, lawyers, dentists and other professional people of foreign extraction who might be of assistance to his guests. In many cases he makes sure the foreign guest is sent a letter of thanks after his departure in his own language in order that it be known that he was welcome and wanted.

European Headquarters

On June 10, 1960 we opened our first office in London. This office was well located just off Piccadilly Circus and we were fortunate enough in retaining the services of Miss Joyce I. Kirby, as manager. She is a well-respected British travel personality who had excellent contacts with the agents. Miss Kirby now has a staff of six to handle the reservations coming through this office.

In February, 1961 an office was opened in Paris which is also originating a considerable number of reservations.

Plans are on the way to open an office in Bonn, Germany and another in the Far East during 1962. We believe that so long as there is some measure of prosperity abroad, and tourism does not become a military transport function, there are those who will wish to visit the United States and see the wonders they have heard so much about for so long.

Our offices are now processing approximately 750 visitors per week and this figure will grow as the European travel agent becomes accustomed to our ways.

Merchandising Travel Service

The merchandising techniques, the mass group business, the advertising practices so familiar in our American way of life, just do not work in Europe.

Although these approaches to travel are successful in the United States, they only create suspicion for the potential visitor from abroad. There is no way to carry out a saturation crash program to lure visitors to our shores. We are constantly striving to develop group business and our efforts appear to be rewarded in the amount of group bookings already placed with our hotels for 1962.

The amount of tourism from Europe to America will not come in a massive flow but in a stream that will develop gradually.

Any organization that bases its economic forecast on a high percentage of business from abroad, due to the intensified "Visit U.S.A." program, will be in for a rude awakening. There is still a great deal of interest in seeing America, but there are no crowds pushing at our gates.

The Barrier: Price

The major obstacle, as we see it, to the developing of large scale tourism to this country, is *price*. Generally speaking, language is no barrier.

It is our belief that national, state and local governmental agencies can contribute materially to the encouragement of European tourism by allowing specific exemptions on certain taxes for European visitors. This has been done for many years by European governments to attract visitors from America to their lands. We must be prepared to give personalized service and to make allowances where necessary to these visitors who do not understand our customs and ways.

The indifference in the treatment of guests, which unfortunately is characteristic of many of our hotels today, cannot be tolerated in the foreign field. These people are spending hard-earned money on what may be the trip of a lifetime. They expect help and perhaps are more demanding than Americans because they are accustomed to receiving attention on their travels nearer home.

Serving Other Hotels

The support of North American's operations were and are borne by its member hotels. These hotels are interested in developing this unexplored market and progressive enough to invest time and effort in educating their personnel on how to serve foreign guests properly. As of this writing, seventy-three major market areas are now actively represented by North American Hotels in our European offices and the list continues to grow each month.

In reality North American represents every town and hamlet on the continent, for we will and have booked groups and individuals into areas where we have no membership purely to maintain our fine relationship with the travel agents we serve.

We are indeed gratified with the great success North American Hotels has enjoyed in the past year and we will continue to move forward in our

quest for a larger foreign market for the American hotel industry. The potentials are unlimited; the United States Government is now taking an official position in attempting to attract these visitors to our shores.

I believe special tours, modestly priced, will be a big plus sign for international business. I also believe the hotel industry senses that a well developed "person to person" program, wherein Europeans see America and how Americans live, is of key importance to the development of international peace and good-will. Today our hotelmen have the opportunity to be ambassadors of good-will and still pursue the profit motive.

With a little more sincere good-will and a little less push for profits, America will turn into one of the world's foremost tourist attractions for visitors all over the world.

... by Hotelmen for Hotelmen

In closing let me say that North American Hotels, Inc. was formed by hotelmen for hotelmen. Its success is a direct result of the cooperation and interest displayed by hotelmen throughout the United States and Canada. It is a clear indication that the hotel industry is dynamic and that there will always be new markets and new approaches to insure its continued growth.

What Price Budgets?

Continued from page 42

the return is extremely difficult to measure. If ever anyone can devise a formula which will indicate just how much business has been engendered through a particular advertising campaign, he will have gained the everlasting gratitude not only of the individual advertiser but of the advertising agency as well.

In the absence of the perfect formula, several steps may be taken which will at least furnish a partial answer. For one, the Advertising and Sales Promotion schedule, as shown in the Uniform System of Accounts for Hotels, could be supplemented by a memorandum schedule subdivided to show expenditures by rooms, restaurants, dine-and-dance rooms, bars, and so forth. This sub-analysis will enable the advertising director to better judge the sales returns in relationship to the actual expenditures. For another, the sales director should be kept posted as to the trend of the

hotel's day-to-day business. By being furnished with daily and cumulative sales data, he can spot the strength and the weakness in the respective sales categories. With this information at his fingertips, the advertising director will be in a more favorable position to follow the effectiveness of a sales campaign.

In attempting to gauge the success of an advertising and sales promotion campaign, it must be borne in mind that it cannot necessarily be measured in terms of a week, a month, or even a year—advertising to be effective must be on a continuous basis.

The principles of planning advertising budgets for hotels are not different from those of any other business—but they are somewhat more intricate. Coordination of all factors involved is about as simple as holding down a dozen coil springs with one hand. Yet it is surprising to see how many alert hotel sales managers seem to have mastered the trick.



Package Plan Promotion

by David C. Dorf

Package plan folders successfully used by three hotels. The Waldorf-Astoria's tie-in with New York's Summer Festival (upper left) offers two budget summer vacation plans: 1) room with breakfast and no charge for children, except for the "tiny tot" breakfast; 2) room with breakfast and pre-theatre dinner.

The "Great White Way" details three plans—3 day-2 night tour; 4-day-3 night tour; and a 5 day-4 night tour. These plans, offered by several New York City hotels, include rooms, theatre tickets, night clubs, sightseeing and other metropolitan features.

Pocono Manor Inn's Winter Weekend includes transportation to and from the inn by rail, two nights' lodging, either five or six meals, and gratuities, plus all the entertainment and sports facilities designed for regular guests at a budget price.

Chalfonte-Haddon Hall in Atlantic City invites prospects to three winter weekend parties featuring "visits to exotic foreign lands" without leaving the hotel: The Caribbean, Paris, and The South Seas. The weekends start on a Friday and include accommodations and meals with night club entertainment arranged in several "night clubs" in the two hotels to permit guests to go club hopping. Regular rates apply.

Package plans are becoming an increasingly important and effective means of bringing business into city and resort hotels, especially during dull periods. Although generally offered as "budget specials," such plans have proved to be a practical and profitable means of creating new business.

Here are a few facts about package plans:

- Off-season and other low-business periods (such as weekends and vacations for the city hotel) can often be effectively stimulated through offering an economical package plan centered around specific area attractions and special programs.
- Holiday and special-event promotion can likewise be developed through package plans, with events and activities centered around specific themes relating to the holiday.
- Creation of new markets may be effectively started, especially among the ever-growing "middle-class" groups. People in this market desire economically planned vacations that include hotel and resort activities and for which the cost can be budgeted well in advance.
- Stimulation within a broad, general market can often be effected—for instance, among the countless vacationing travelers who have never stopped at a hotel.



David C. Dorf is Research Associate at the national office of the Hotel Sales Management Association. The material upon which this article is based was obtained from HSMA's extensive research files. Members of that organization are privileged to draw assistance from the files in planning promotion pieces. Mr. Dorf obtained his degree in hotel administration at Cornell University in 1955.

- Many persons are over-awed by supposed hotel formality, feeling that once inside they would be "lost." Thus a detailed package plan program, outlining specific activities and features these people could enjoy plus personal aid once they are inside the premises, could effectively reduce such fears and bring hotels patronage from this hesitant market.
- Special appeals to individuals and groups having a common interest can be advantageously promoted when the particular interest is incorporated as the high-point of a package plan. Some examples are:
 - Boston's baseball weekend package plans.
 - New York's theatre weekends.
 - Resort hotels' golf or boating package plans.
 - Winter resorts' skiing and skating packages.
 - Foliage and garden tours.
 - Tours of historical shrines.
 - Business or social club weekends and tours.
 - School and college tours.
- And finally, a word should be said about human nature. People want to think they are getting a bargain. An advertisement worded: "7 days of glorious fun for only \$99, *plus* all these wonderful features *free!*" constitutes a psychological appeal that many find difficult to overlook.

Package Plan Design

What makes a package plan pull? The successful ones have two important sales appeals: the "attractions"—special features and items offered; and "economy"—a budget price featuring savings to the guest. Yet bargain rates are not necessarily the primary attraction. Convenience—an all-inclusive rate that covers major expenses—draws the first-time guest seeking a new experience.

The "Attractions"

The facilities and neighboring attractions of the hotel should be carefully analyzed and considered as well as the markets to be approached. Then the package offer can be designed to include a number of attractions in addition to room and meals. Among the possible ingredients are:

- *Transportation arrangements*—unless the hotel is so located in relation to primary market areas that most potential guests will arrive through their own arrangements.
- *Special entertainment features*—concerts, recitals, lectures, etc.
- *Indoor activities*—dances, cocktail parties, card parties.
- *Special outdoor activities*—games, tournaments, other athletic programs.
- A tie-in with some special event, either area-wide or else promoted by the hotel itself.
- Theatre, concert, or other special outside entertainment with tickets and transportation.
- Guided tours or visits to special or historical points of interest.
- Any other special event, feature, activity, or "gimmick" that can be devised as a feature attraction.

Pricing the Package

The second important aspect of package plan design—the price—is often somewhat lower when combined than when all features and services are offered separately. Since package plans can be used to boost business during slow periods when the hotel would most likely offer a lower rate structure anyway, the difference in revenue may be negligible.

The package plan, when successfully promoted, is a volume builder at a time when volume may be low. And higher volume at slightly reduced prices can be more profitable than low volume at high price rates.

Promoting the Package

The actual promotion and selling of package plans is generally most successfully accomplished through direct-mail solicitation:

1. Directed to the public:
 - Business groups
 - Women's clubs and organizations
 - Schools and colleges
 - Social and fraternal clubs and groups and similar organizations
 - Selected mailing lists obtained from guest history records
2. Through intermediate agencies:
 - Transportation carriers (airlines, railroads, bus systems, etc.)*
 - Travel agencies

Media advertising—newspapers, radio and the like—can also be helpful, especially when the insertion can be directed to specific areas where the market potential is greatest. Newspapers and some magazines often have separate editions for various geographical areas.

Successful Themes

Package plan offers engender more interest when they are tailored to attract special groups of people:

- Baseball, football and other sporting events, including overnight meal and room accommodations, reserved seat tickets, and taxi transportation to and from the parks.
- Sports highlights in resort areas featuring group golf and skiing packages and also daily lessons and instruction.
- Nightlife activity (in metropolitan areas especially) featuring tours and visits to theatres, TV and radio stations, and well-known night clubs.

* President Kennedy recently called on Najeeb E. Halaby, head of the Federal Aviation Agency, to develop new leads for widening the patronage of airlines. The resulting report recommended a wider offering of "package" vacations with a single price that included air fares, car rentals, and hotel charges.—*From the New York Times of September 10, 1961.*

Visit **NEW YORK CITY**
... for a holiday to remember



3 days · 2 nights
complete package
\$18⁴⁵ per person
(double occupancy)

Room with private bath and shower.

Any performance at Radio City Music Hall or Motor Coach Tour of Chinatown and Downtown N. Y.

Yacht Cruise around Manhattan or Motor Coach Tour of Uptown N. Y.

Observation Tower of Empire State Building or Hayden Planetarium or United Nations Tour.

Tickets to TV Broadcast Studio.

Lecture Tour of NBC Radio and TV Studios or Guided Tour of Rockefeller Center or Steamer Trip to Statue of Liberty.

Added attraction: Vic Tanny swimming pool and steam rooms included.

No time schedules to follow. You see the sights at your own convenience.

Other Package Tours available.

Write for complete information and colorful brochure, Director of Sales

HENRY HUDSON HOTEL

353 West 57th Street, New York City

A 1,000-room city hotel takes advantage of metropolitan sight-seeing to promote its facilities through out-of-city newspaper advertisements.

- Area attractions; when the particular locality or community holds some special or historic interest, these can be built up.
- Creative themes—the hotel can develop such themes as a "Belles and Bachelors Weekend"; a "South Pacific Weekend" or any other geographical motif.

Definite Plan • Definite Price

The package plan's greatest drawing card is that its many and varied features and hotel services are combined into one definite program offered at one all-inclusive attractive rate. The guest knows exactly what he will get for an exact number of dollars. He can budget for it in advance or borrow and pay later.

To the hotel, the package plan is an important business stimulant during lulls in occupancy. It can become an important advertising and promotional device as well because the general public receives a detailed presentation of the hotel's services and features by means of such advertising.

In brief . . . the possibilities and benefits to be obtained through package plans are endless. This article is by no means a complete or detailed presentation but merely an outline of the package plan's potential. With well-thought-out consideration of the distinctive features of both the hotel and its surrounding area, plus careful planning coupled with creative thinking, the package plan can become an important part of the hotel's overall promotional program.

CONVENTION LIAISON MANUAL, *Convention Liaison Committee*, xii+86 pp., \$2. Copies may be obtained from the sponsoring organizations: *American Hotel Association*, 221 West 57th Street, New York City 19; *American Society of Association Executives*, 2000 K. Street, NW, Washington 4, D.C.; *Council of Engineering Societies Secretaries*, 1155 16th Street NW, Washington 6, D.C.; *Hotel Sales Management Association*, 1325 Boardwalk, Atlantic City, N.J.; *International Association of Convention Bureaus*, 915 Union Central Building, Cincinnati 2, O.; *National Association of Exhibit Managers*, Metals Park, Novelty, O.; *Professional Convention Management Association*, 1308 Ritchie Court, Chicago 10, Ill.

The Convention Liaison Manual released during 1961 is without doubt one of the most important publications to reach the desks and hands of hotel operators.

Paraphrasing Webster, the Liaison Manual is "a handbook for the coordination of activities relating to the convention field."

The student of the Manual will be impressed that this published work, part of the Committee's educational program, has undoubtedly been the subject of many man hours of devoted work since the organizational meeting of the Convention Liaison Committee in 1949. It is fair to remark this blueprint for successful convention planning and servicing is well worth waiting twelve years to receive.

It is safe to state that through the war years (1942-1946) and the years immediately thereafter, the principal buyer groups, such as the American Society of

Association Executives, had some very trying days with hotel operations. The fact that trade associations, as the customers of convention bureaus and hotels, joined forces in preparing with the suppliers a manual of this nature is indeed a tribute to their forward thinking.

No criticism, in fact nothing but praise, can be stated in reviewing the printed word of this Manual. Yet the Manual will not be the panacea for the trade association executive, the convention bureau, nor the hotel.

From the hotel standpoint, it is hoped that this Manual will be read not only by management, but by the owners of hotel properties. Not only read by member hotels of the American Hotel Association or Hotel Sales Management Association, but also by non-member hotels who participate in the servicing of trade associations or other corporate meetings.

It is also hoped that many travel agencies who have now entered strongly into the servicing of convention groups may take this Manual as a guide in their handling of group activities. It is only in recent years travel agents have come into group movements, mainly through their sales incentive programs, which are closely allied to the convention field.

One paragraph in each of the chapters is devoted to the responsibilities of officials. These can be lightly glossed over but one—which in the final analysis is the most important of all—the one dealing with those statements which direct the convention official, the bureau representative, or the hotel executive to do research on the past experience of the locale, the management, and the make-up of the convention delegates.

With particular respect to the type of guest the hotel management is soliciting and to whom it is offering its facilities, management should be cognizant whether its standards of operation will permit after-hour noise and suite entertainment.

The Manual will not, nor is it intended to, cover the human relations problems which come about in convention handling. The Manual will not solve the problem nor present a formula for the mixing of so-called regular guests and convention guests under one roof-top. This can be accomplished only by sound public relations thinking of hotel management.

It can be hoped the distribution of the Manual will be so all-encompassing as to reach the hands of non-member organizations, non-member hotels, non-member convention bureaus, trade unions and their personnel, travel agencies and their personnel dealing in group business. It can be further hoped that the Manual will be kept alive, subscribed to, and used as the basis for successful convention planning.

The Manual is like a blueprint of the newest designed automobile which will perform to 100 per cent satisfaction if it is fueled and properly cared for, driven by a competent driver and transporting dignified passengers; and, if the owner of the new car will not allow it to enter into competition with old battered, souped-up stock cars for the sake of a small purse at the finish line.

—Wesley T. Keenan
Manager, The Greenbrier

The Art of Personal Selling

by Howard Heinsius

Vice President, Needham & Grohmann, Inc.

What is the most important profession in our economy today?

This is a difficult question, and I'm sure if you asked ten different people you would get ten different answers. Doctor, lawyer, college president, hotel operator—the fact is that no one would ever agree as to what profession or what job is most important. But time and experience have proven that without one basic attribute, very few persons are successful. Without this fundamental talent, neither doctors, nor lawyers, college professors, and especially hotel operators could ever fully attain the peak of their capabilities.

The vital ingredient is salesmanship.

The most valuable person is the one who can sell his ideas, products, or services to other people. Yesterday, the most important man used to be the man who could make things. Today, the key man is one who can *sell* things.

Applying this concept to our hotel and restaurant industry, salesmanship is equally as important as having good guest rooms or offering the finest food. The importance of having a top-quality product will never be denied, but *having the ability to sell this product*, which of course is the ultimate objective in any service industry, is very much of equal importance.

There are many forms of selling. There is the printed message, utilizing both paid advertising space and printed promotional material. There is also direct mail. Yet the most significant and effective approach to selling is the *personal approach*. There is no substitute for the personal relationship which is built around this medium of selling.

In personal selling, it is important to remember that everyone, no matter who, appreciates a little flattery, and some personal attention. So when a

first call is made on a prospect, keep this in mind.

Secondly, a good salesman must be knowledgeable. He must know his product thoroughly. There is an old saying: "Salesmanship is 90 percent information." It applies with particular force in selling for hotels and restaurants. All groups, be they conventions, banquets, or small dinner parties, are different, and the successful solution boils down to (1) knowing what you have to sell and (2) presenting it suitably—at the right time and in the right manner and to the right people. All of the suaveness and skillful talk of a salesman cannot overcome ignorance or lack of knowledge of your product.

Many people have the mistaken notion that you must be born with a great personality to be a good salesman. Not true. Personality is made up of many qualities: courtesy, friendliness, politeness, a regard for others, good appearance and a willingness to work. Every one of these qualities can be developed; they are not necessarily inherent.

Success stories have proved the value of personal selling. How many times have we heard of tremendously successful men who have risen meteorically to president of the company because they have been good personal salesmen?

There is no great secret in being a good salesman. At no time in the history of man has good salesmanship been more vital. Competition today is fierce and unrelenting. Those who develop the art of salesmanship will be the business leaders and subjects of the success stories of tomorrow.

The American Hotel Association's educational committee now has available the second edition of its Supervisory Training Program—"Human Relations and Sales Awareness." This program is reviewed on page 87.—*Editor*



In front office sales Assumptions Don't Sell!

C. DeWitt Coffman*

Vice President, The Futterman Corporation



The fallacy of assumption has ruined many a good thing. Wars have been lost. Businesses have been messed up. Even worse, false assumption has ruined many a dandy romance.

Assumptions spring from many sources—imagination, rumors, old witches tales, maxims, axioms. There are all sorts of axioms in the hotel business, aren't there? For example, it's practically axiomatic that the staff members who are in direct contact with the public can do the best selling job for you. . . . better than you can do yourself. It's a true axiom, but it can lead to a beaut of a false assumption.

Are your staff members doing a selling job?

"Yeah-sure! That's a good bunch of boys down there."

Of course, they are—hand picked them all yourself, didn't you?

But are they really selling for you? You guess so? You'd better darn sight find out for sure. It's

not hard to check and you'll be surprised at what you learn.

(We're just going to talk about room sales here, because that's where improved sales can show the biggest return. But, of course, the same basic principles apply in any phase of your operation).

First, test. Test your staff yourself. Test your staff by having some one else call for reservations. Call at all sorts of hours. Have someone walk up to the desk without a reservation. Always pick periods when you know business is slow.

In your tests, always open the door for the sale of a high-priced room or suite. Here's a couple of sample phone or personal test leads:



"The president of my company is coming into town next week on Friday and he'll be here over the week-end, but I want to be sure he gets something extra nice."

Don't faint when the room clerk whom you thought was a terrific salesman says, "Our Singles start at \$7. Okay?"

Or try this one: "I'm coming through here on my honeymoon in two weeks. Can you take care of me for two nights?"

Brace yourself for the response, "Would you like double or twins?" or "Our minimum twin is \$12."

This is not exaggerated. It's happened on scores of sales tests. Check it and see for yourself. Habit. Course of least resistance. Boredom. Apathy. No matter which, they're all deadly. Test some more. And then still more.

Okay, now—you've tested and your boys are pretty good. But why didn't they sell that honeymoon couple a suite? Let's just say you see some room for improvement. What improvement? How much?

If you thought you could raise your average daily room rate 50% without increasing your rates, you'd like that, wouldn't you? In a 300-room hotel with

*Mr. Coffman is a former president of the Hotel Sales Management Association and the author of *Profits Through Promotion* (Ahrens Publishing Co., 1950). The cartoons illustrating this article were developed by Mr. Coffman several years ago to train his own front office staff.



a 66 percent occupancy, that's an increase in net profit of \$100 a day—\$36,500 a year. In a 450-room house, it's \$150 a day, \$54,750 a year. In a 1,000 room house it's \$333 a day—\$121,545 a year. Wow!

Here's how that goal can be achieved. It's fairly simple, but you must follow these seven steps:

- 1—Test
- 2—Measure the Goal
- 3—Plan the program
- 4—Get the equipment ready
- 5—Teach
- 6—Follow up
- 7—Reward

1—Test. Test frequently. Test by different means. Keep accurate detailed results of each test.

2—Measure the goal. Determine precisely what you want to accomplish. Raise your average rate? Sell more suites? Put over a bargain week-end package plan? Not all three at one time, though. One at a time.

3—Plan the program. Set up a time schedule. Two 30 minute training periods a week for 4 weeks. Afternoon shift at 2:30, morning shift at 3:30. Get everyone in the class who ever answers the phone or speaks to guests in person about rooms—secretaries, sales staff, room staff.

4—Get the equipment ready. A complete typed job description of each individual's task—his complete job, not just what is to be done in this training program. Slogans. Telephone paste-on slips—"Get just \$1.00 more," "Sell High," "He won't buy a suite unless you ask him," etc. Signs. Cartoons. Special memos about this specific program—what you're trying to accomplish. The details of what happened on your tests. All of your regular house brochures and sales literature.

5—Teach. Give it to them in writing and tell them about it in detail verbally. Show them by example, exactly what happened in your tests. Give them the exact answers, word for word, just what

(Continued on page 59)



Visual Selling

Clever, inexpensive visual aids can be used by hotel and motel operators to offset today's slump in occupancy and profits. At least this was the prescription given by Milton J. Firey*, Baltimore hotel operator and hotel and motel consultant, in a recent address to students in the School of Hotel Administration at Cornell University.

How Other Industries Sell

Simple, everyday gadgets, often at the operator's elbow, can help him get his sales message across, Mr. Firey said. Then, firing off a pistol to signify his youthful experiences as "episodes from *Tom Swift Out West*," Mr. Firey proceeded to demonstrate how two employers for whom he worked sold expensive equipment to the public.

The Light Bulb

While working for Delco, Mr. Firey used a light bulb to sell electric generators to farmers. Instead of interrupting the farmer in his field with a long technical spiel, Mr. Firey would arrive at a farmhouse in time to help with the evening chores and be invited in to supper. Next he would light the farmhouse living room, hitching the light bulb with an extension cord to a generator powered by his Model T. Then he would switch off the light for contrast. The miracle of once having enough light to read by and sew by sold the generator to the farmer and his wife.

The Candle and the Meat Grinder

Similarly, a candle and a meat grinder helped Mr. Firey to sell automatic coal stokers to home owners when he worked for the Iron Fireman manufacturing company. The engineering sales talk that had been useful in selling stokers to pur-

chasers for heavy industry was "gobbledygook" to home owners. So Mr. Firey lighted a candle to show how the flame is fed by the candle and how it sputtered and wasted the candle when wax was dropped on the flame. This lighted candle signified the furnace fire and what happened to it when coal was shoveled onto the fire by hand, smothering the flame and wasting fuel. Next he demonstrated the meat grinder, signifying the automatic stoker, which would feed coal from the hopper under the fire in the furnace. The automatic stoker saved coal, would soon pay for itself through fuel savings, and also eliminated trips to the cellar and kept coal dust out of the house upstairs.

The Skillet and the Hammer

A painted cast-iron skillet, a stainless steel skillet, and a hammer helped Mr. Firey to sell Iron Fireman's compact steel stoker to small town school boards when his competitor could undercut his price with a cheaper, larger, cast-iron stoker. Mr. Firey would strike the cast-iron skillet with the hammer; the skillet would dent and the paint flake off. Next, he would strike the steel skillet a heavy blow; it would ring loud but not dent. Applying this same principle to the two competing stokers, Mr. Firey demonstrated how the large cast-iron stoker would block the furnace door so that when the janitor used his clinker-moving bar he would dent the stoker and flake off the paint, exposing the iron to rust. The compact steel Iron Fireman stoker gave the janitor plenty of working room and it would not dent or rust even if the janitor should strike it with the clinker bar.

Use Familiar Devices

All three of these stories illustrate the need to express sales ideas from the customers' viewpoint and to use familiar language and devices.

*Mr. Firey is president of Milton J. Firey Associates, hotel and motel consultants, and of the Congress Hotel Co., both located in Baltimore, Maryland. He was graduated from the School of Hotel Administration in 1928.

The Half-Million Dollar Idea

An 8-inch ream of flooring core was worth \$556,000 to Mr. Firey when he sought to borrow money to renovate the Congress Hotel in Baltimore, of which he is president. The nature of the floor core convinced the bankers that the Congress, built in 1906, was solidly constructed, would stand for another sixty years, and so they lent money to renovate it. This sales idea cost Mr. Firey nothing—it nearly took his life, though, for he was sitting below the place where the core was bored—as the core was needed for building information.

Selling Ideas to Employees

Visual selling can help management drive home to employees that care and economy in operation is to their self-interest. Mr. Firey had a breakage problem at the Congress but his employees took only a casual interest in his efforts to curtail it. So Mr. Firey swept broken china and glassware into a barrel. At the end of the month, all of the broken shards were heaped upon a table. On a second table, he set up the china and glassware needed to replace it. On a third table, he set out "money" bags to show the actual value of the broken ware. More important, he put up a sign reading: "This money came out of your hotel's earnings and is the reason you can't have a pay

raise" (or some other benefit). Thereafter, when an employee dropped a loaded tray, his fellow employees considered it no laughing matter. This sales idea cost Mr. Firey merely a little effort.

Selling Ideas to Guests

Visual selling can help the hotel operator present his story effectively to the public. Mr. Firey introduced the following visual sales devices to illustrate his point:

- Push-button viewers with color transparencies of rooms and suites help the desk clerks sell accommodations because the guest can see what he is buying.
- A mailable cardboard strip holding a half-dozen color transparencies can help sell guest and function rooms to persons outside the hotel.
- A beverage list cover picturing cocktails and other drinks in four colors will encourage patrons to order more exotic and expensive drinks than beer. The regular price list can be printed inside.
- A breakfast menu cover picturing in four colors ham and eggs in a skillet will sell larger breakfasts. (These menu covers are supplied by one of the food manufacturers.)

The hotel, motel, and restaurant manager should look about him for simple, clever sales ideas that will attract attention. Once interest is aroused, people will try your product—once. And if it is good, they'll come back for more.

Assumptions Don't Sell

(Continued from page 57)

they should say to sell higher rate rooms. Generalizations won't do. Between classes test again and again to see if they're doing what you teach. Are they using the sales phrases you've given them—"This is one of our Dorothy Draper decorated rooms," or "The Duke and Duchess of Windsor occupied this suite last year," or "This is a high corner room with a view of the park."

6—Follow up. In each class review what happened in the last class and review the tests you made since the last class. Send memos to them on the job reminding them what you want them to do. Send more memos after the course is over. Use all the sales training gimmicks you can think of. Reminders in their pay envelope. On the bulletin boards. At the room rack. In the men's room. Everywhere.

7—Reward. Incentive plans are difficult and involved. But when you follow up after the training program to see how your ministrations have taken root, give a promotion to the one who's doing extra well, or a raise or a cash bonus. Or a department party. But if they do as you ask, you must thank them, materially.

Sounds like a lot of work doesn't it? You said it. But how else can you go out and get \$36,000 additional profit this year? You'll do whatever it takes to accomplish that won't you? \$36,000 is the net profit on one tremendous amount of new business. How much additional business would you have to book to make that much more on the bottom line? \$200,000? Maybe more. You'd jump off the Brooklyn Bridge for that much more business, wouldn't you? Well

you don't have to do that, but you do have to work. Yes, you—not your assistant.

It'll pay. You'll see. But you have to go at it full tilt. You have to set up a program and a time schedule and stick to it religiously. You're the driving force. You can't start it and then hand it off to someone else. You have to be convinced that this is the most important job you have to do, right now, from beginning to end, and ride it through to completion. What's more important than making your operating profit go up? Of course this is not the only way to accomplish it, but it's a pretty good one. So don't let association meetings, visiting big shots, or anything else sidetrack you from getting the job done. Good luck and succe\$\$.



Plan Your Telephone Sales

Selling by telephone is selling by voice alone. You must plan your telephone sales call more carefully than your face-to-face presentation. You haven't much time to tell your story . . . so get your prospect's attention quickly, create a desire for your product, and get him to say "Yes."

Fundamentals of Telephone Selling*

The degree of success your department has in telephone selling is dependent upon the advance planning, training and supervision given to the undertaking. Management often works under two misconceptions about proper telephone selling techniques. These are that employees already know how to use the telephone and that they are experienced in telephone selling. These assumptions can be very misleading because:

First, there is a wide difference between effective business use of the telephone and social usage.

Second, there is a totally different psychological environment between telephone selling and face-to-face selling.

Whether the telephone sales conversation is an incoming call or an outgoing call, pre-call planning is required to handle the situation effectively. This will avoid lack of preparedness and alertness to incoming calls as well as lack of preparation and interview organization for outgoing calls.

*Adapted from an address given by William A. Garratt, Marketing Engineer, Long Lines Department of American Telephone and Telegraph Co. at the 32d HSMA Convention in Atlantic City. Some items are condensed from "A Blue Print for Telephone Selling," Bell Telephone System, 57200 Issue No. 4; and "Telephone Selling Needs Technique," New York Telephone Co.

Certain fundamentals of selling by telephone are common both to the incoming call and to the outgoing call. Yet there is a wide variation, first in the architecture and second in the carpentry, of the sales presentation for each.

Although your telephone sales people must be keenly aware of many factors, the most important ones to bear in mind are:

1. *You must channel the capabilities of all five senses—seeing, tasting, feeling, smelling and hearing—into one, that of sound as portrayed by the voice.* This is the factor that, if not observed, results in the face-to-face sales talk falling flat in telephone selling.
2. *You must speak the prospect's language:* learn to visualize the product or the service you are selling through the use of descriptive terms familiar to and understood by the customer.



3. *You must sell in pieces.* Every business has its differentials—those little margins you have over your competitor. They may be service, price (which includes special deals), location, exclusive offerings, overtones (employee attitudes and company image).

These and all other ingredients in your business should be defined and each developed into a sales "building block." These sales "building block" differentials should be carefully and painstakingly taught to your telephone sales people—so that they will almost instinctively and automatically apply the pre-developed sales pitch to each situation as it is developed with the customer.

4. *You must recognize the psychological differences between selling by telephone and face-to-face selling.* In face-to-face selling, you have the advantage of deployment. Because of the natural limitations of the telephone, the customer can't see the look in your eyes, nor you the look in his. He cannot see your gestures or exhibits. You must do in split seconds things that you can take minutes to do in face-to-face selling.

For example, if you are faced with a tough situation, you can stop and light a cigarette, ask the customer to examine your facilities or product, resort to the use of a visual aid and other devices while you gather your wits. In telephone selling, a moment of silence is *fatal*.

5. *You must ask leading questions to help you close the sale in telephone selling.* In face-to-face selling, many opportunities are readily apparent for closing the sale. In telephone selling, you must contrive these opportunities. This makes it important, then, that each statement you make end with a "question mark." Else, how can a customer know when you are through talking if you end with a "period"?
6. *You must bear in mind that most people can remember only about 15 or 20 words of what you have just said.* For this reason, your statements must be short and each designed to lead the customer along to the final purchase.

Of course the full value of these fundamentals can be realized only when the sales person portrays through his voice a customer "you attitude."

Incoming Calls

Each incoming call should signal the birth of a new sales opportunity. This should be the case if we are prepared for the call, know exactly what to expect on the average call and have "a building block" ready for handling the situation.

The fault with some sales people—and, perhaps most—is that they attempt to handle the situation as it develops—"play the matter by ear," depending upon each person's experience and sales back-

ground. This lack of preparedness and coordination can be avoided if you will analyze and classify the types of calls received.

When the types of calls expected have been classified, appropriate "building blocks" can be devised for handling each respective situation. Your sales people can then be coached so that they will be thoroughly prepared, *in advance*, for effective telephone selling in given situations.

Outgoing Calls

Now let us look at the all-important outgoing telephone sales call—the call that is seller-initiated. In this case, you are pushing the door bell of your customer rather than his pushing yours—as when he telephones you.

1. *"The Hinge"*—the reason for calling a prospect can be built in advance through such devices as previous mailings, publicity, or a forthcoming event.

During the conversation the build up is aided through the use of the "you" attitude, praise, want of advice, leading questions, "thank you" approach, special service.

2. *Benefits-Graded*—your prospect must "benefit" from listening to you. Benefits help you hold his attention, awaken his selfish interest further, and develop a salable condition (need for the product).
3. *Sell your basic proposition first*; then sell the trimmings one by one. For example, first sell the banquet menu and follow this with cocktails or wines, hors d'oeuvres, flowers, cigars, entertainment and other extras. Unless he mentions price first, start with your higher priced menu and then work downward.
4. *Action Now Device (Gimmick)*—a lever is needed to bring about action. Develop customer readiness to go along. Then close the deal (get the prospect to say yes).
5. *Measure Your Selfish Interest*—ascertain early whether the customer is in the market, can be sold on this call, requires follow-up, lacks authority, or is not in the market or similar situations which will help you determine if you should pursue the sales call.
6. *Trial Closing—and Close*—consummate sales as quickly as possible.
7. *Confirmation*—a definite understanding and obligation should be assumed by both the prospect and the seller. (Often this confirmation can be obtained by a brief summary of the understanding phrased as a question to the prospect.)
8. *Follow-up*—a definite plan of action is needed to obligate the prospect and to keep negotiations in motion. ■

The sales department must be backed up with a salable product and a service-minded staff.

“Selling Spoken Here”

by Donald Greenaway

Executive Vice President, National Restaurant Association

This address was delivered before the 33d Annual Convention of the Hotel Sales Management Association in Chicago. Because the thoughts therein are directed to management as well as to sales personnel, this address is published. *Editor.*

In thousands of shop windows in cities and countries (outside of the United States) a sign tells the passer-by that English, French, German, Italian, or Spanish is spoken here. These signs are a concession by the world's shopkeepers to the world's people that language is indeed our most difficult barrier.

But, the world's customers who pass through the shopkeepers' doors are assured of only one thing—that the language which they speak is spoken there in a way that they can understand it.

The “Damascus Oath”

What is invariably missing from the sign is that values are guaranteed here, or that values which you can understand are produced or sold here.

In the bazaars and market places the world over, very few of the shopkeepers are willing to take the “Damascus Oath.” The “Damascus Oath,” for your information, guarantees the values set forth with the life and the property of the maker. On this oath the Damascus sword became the symbol of value the world over and for all ages.

The fact that value is difficult to identify, and

even more difficult to insure, both intrigues and disturbs me. Long ago, Barnum stated that a new sucker is born every minute. Barnum was perhaps the first pitchman in American commercial history who elevated himself and his wares to the point that suckers came from miles around to be fooled.

Today, the modern pitchman works with much more fascinating tools. He has adopted color photography, the printer's art, the fiction writer's imagination and the pitchman's lack of concern to put together a “cake” which is all frosting and no cake.

Barnum was one of a kind. Today the commercial world is filled with people who professionally sell products without intrinsic values. Because this is true, and because the world is now overcommunicated, the job of the dedicated salesman becomes increasingly difficult.

The Language of Sales

This brings us to where we are and causes me to ask this question: “Is selling spoken here?” As a matter of fact, I would like to ask you these questions:

“Do you speak the language of sales in terms of values given and values received? Or, are you haunted with the fear that the values which you sell are really not values at all?”

“Do you speak with absolute conviction that yours is the best hotel in America?” “Or, do you accept the

role of the person who must get the customer's name on the dotted line, with the feeling that you have no responsibility for the product delivered?"

"When you speak in selling terms, are you convinced that yours is the top value in this highly competitive world?—that you are representing a championship outfit in a tough league?"

If I could look deeply into your minds I would find you equally divided in your interpretation of yourselves in your role in sales. To those of you who have confidence born of conviction that your organization stands behind you in giving value for value received, there must be a sense of real gratification. To others of you who feel that you are a pitchman selling a product overpriced and under-valued, there must be frustration and sometimes despair.

For you, too, are addicted to a *sense of value* and a *sense of fairness*. None of you, and none of you whom I have ever met, are medicine men selling from the tail gate of a wagon. All of you are honest men who know the difference, even though it may be out of your power to control the difference between two sets of values.

This brings me then to the heart of the message that I wanted to give you this morning. It should be delivered not to you, but to your management and all of your associates at every level within your organization.

The message is this: If the sign bearing the words, "Selling Spoken Here" is found only in your office, then you must be a pitchman for a management and an organization, keeping them alive through power of trickery and deceit until your strength runs out and your voice is stilled. If, on the other hand, this same sign hangs on the manager's wall; is found in the catering manager's office; is on the desk of the housekeeper; is framed in the locker rooms of the employees, and is in the knowledge and beliefs of all who draw pay checks from the organization—yours is a sales job based on values. You are lucky indeed.

Your language, on the one hand, cannot overcome the handicaps imposed through the lack of understanding of all others who work with you. But if selling is a motto as well as a belief, it can serve as the inspiration for all and become the great strength of the organization.

Value 100%—Price 100%

As a friend and former employee of the hotel industry, I must say to you that by and large the values which I see and understand are de-

clining as prices increase. This is a very general and not-very-well-documented belief on my part, but nevertheless it persists. Let me tell you why.

Case I

Last year in one of our largest cities, in one of the largest hotels, the National Restaurant Association sponsored an educational program. We used a meeting room in a hotel for this purpose. The meeting room was used for four days. It accommodated 100 people. The charge for this room was \$1,200. At the end of the meeting, the assistant sales manager brought to us a sheaf of bills with names on them. There were sixteen in all.

We asked, "What are these?"

We were told, "These were the people who helped set up the room, who supplied the ice water, and who straightened the chairs".

"And what do we pay each?" we asked.

"Well, customarily—\$25.00 each", we were told. Total—\$400.

Neither before, after, or during our conference was the room cleaned. The rug was filthy, furniture decrepit, the surroundings impossible, service non-existent. Selling spoken here? "Yes". Value—0. Price—1000%.

Case II

Several months ago, for an N.R.A. Board meeting, reservations and arrangements were completed weeks in advance. Directors of the organization came from all over the country. Temperature outside—0. Temperature inside—180°. Why? Twelve directors and wives—no rooms, no reservations, no records. Reason: a secretary in the sales office had buried twelve reservations in her desk. Selling spoken here? "Yes." Delivery? No. Value—0. Bills payable in 10 days.

Case III

Setting: Western city—prominent hotel.

Reservation department—three personal visits, three personal talks with reservation personnel, printed lists exchanged.

Registrants arrive—no reservations. "Never heard of you, sir—pardon me, I am busy".

Bill payable upon demand, even though credit had been established in advance.

Selling spoken here? Yes. Values delivered?—0. Prices?—1000%.

Case IV

Big city—big convention.

Catering manager completed arrangements four months in advance. Important luncheon.

Guests arrive—80 seats short—one hour delay for setting room.

Guests irritable, unhappy, late for other commitments, highly critical.

Selling spoken here? "Yes"—in the sales office. Values delivered? 0. Prices? Tops.

And on and on it goes.

On the other hand, those hotels which always deliver value 100%, price 100%, *selling spoken everywhere* and understood, that have happy employees, happy management and happy owners, have real insight into value and product. *Selling Spoken Here?* Yes, everywhere.

You will remember that earlier I said that these three words intrigued me and disturbed me. I truly wonder what has happened to the business that I love so much. In my thirty years of contact with the hotel business, I have witnessed many changes. I have seen it in the depths of depression and at the heights of prosperity. I have talked with the Boomers, the Statlers, the Guy Toombs, the Davenports and many others whose names are now history. I have often tried to analyze the difference between these personal successes in the hotel business with their insight into human values, and all who have followed in their footsteps.

I have asked myself these questions:

"Did these men believe in something which was only possible in their days? Is it no longer possible to believe in values? Is the hotel no longer a product? Is the staff no longer associated in spirit as well as in hours? What has caused hotel men to accept less than the best? Is it no longer possible to produce a service with the same kind of standards that are applied to products? Can we disassociate ourselves in terms of loyalty and emotional attachment to our businesses and look at them coldly and cynically in a sort of clinical study?"

I doubt very much if we can. For if I know anything, I do know that time runs out for us in America who can shrug off our responsibilities.

Selling Performance

Let me begin again at this point—"Selling Spoken Here"—for this is the basic objective of every successful business in America. It does not mean merely that *selling is human persuasion*. It does mean that *back of selling is the whole idea of product*—in your case, service. And if there is any one thing that must be recaptured, it is the thought that indifference, emotional detachment and cynical objectivity defeats everything that you are dedicating your life to. If selling the product is not the job of everyone connected with the business, then your time is being wasted.

The sound business of America is not based on gimmicks, gadgets, or human persuasion. History has shown that this year's failure in design and service spells next year's trouble. Thus it is that

"Selling Spoken Here" is more than a motto, more than a catch phrase, more than a gimmick, more than a thought. In its largest sense, it is an expression of the philosophy coupled with a desire. It is an operating base from which all else happens.

In thirty years I have seen the emergence of selling in the hotel business. Today, more than ever before, the welfare of the hotel business rests on your efforts. Without you, half of the hotels of the land could not exist, at least profitably. On your efforts depends the end figure in the operating statement in most hotels. In fact, the industry could not exist without you.

The strength of your position is well established. Your failure, if any, lies in the fact that you have not succeeded, or have only partially succeeded, in generating enthusiasm in your organizations that could help you deliver a better product. Your bosses, your fellows and your subordinates need a dose of your enthusiasm and your belief packaged together in such a way that all will buy.

In a departmentalized organization, such as a hotel, singleness of purpose is always difficult to achieve. Each person tends to believe that his problems are unique unto himself and most difficult to solve. Management deals with each as well as all.

The great success of management in the last thirty years has been the ability to control costs. The great failure of management in the service industries arises from the fact that they do not see themselves in a role of volume producers. In pursuing the never-ending job of analysis, forecasting and operating, management too often shuns sales and sales making.

I would suggest to you, therefore, that you have a small sign printed using the graphic arts. Send this sign, together with a handwritten note from yourself, asking each individual in the hotel organization to frame the sign in his office, to remind each and everyone of his role in sales making and profit production.

Perhaps by persuading and convincing your fellow staff members that selling is the language of everyone, you can induce the type of performance which is so needed to establish values in your particular house. And when the day arrives that this thought penetrates the thinking of all who lead in the industry, the salesmen can take credit for starting the wave that finally washed ashore. ■

*How can management communicate with 1,000 employees
... the day shift ... the night shift ... the swing shift ...
at work from the hotel's sub-basement to the roof?*

Publish a Newspaper at \$50 per year!

by Edward J. Rogers¹

Static in the "Grapevine"

Effective internal hotel communications are, at best, difficult to achieve. The very nature of our 24-hour-per-day, 7-day per week business creates a situation whereby "reaching" all of our employees presents a formidable task. While a manufacturer or storeowner can call a meeting with all of his employees and present whatever communications he might have directly to them, such a luxury is denied the management of a hotel. And, naturally, the larger the operation, the greater the problem.

This problem (until we decided to do something about it) was recently highlighted at the Hotel Roosevelt when a New York City newspaper offered language records at moderate cost. Since a large percentage of our employees have difficulty with our language, we were anxious to get as many of them as possible to buy the records in order to improve their working use of English.

We employed the usual channels open in a large hotel: notes on bulletin boards and supervisory explanations. But did our message get

down to the rank and file? Did every employee with a language problem hear that such records were available? Frankly, no. And the hotelman with a large work force who thinks he ever does reach all his employees through these usual channels of communication is fooling only himself. For the best method of communication is that method which *attracts interest*. Somehow notes on bulletin boards and reminders by supervisors have become too commonplace to attract the attention required by any message which is not a direct order.

¹ Edward J. Rogers, personnel director for the 1,000-room Hotel Roosevelt in New York City, may well represent a new trend in the hotel industry. He is a graduate of the New York State School of Industrial & Labor Relations at Cornell University; he has taken graduate courses in the personnel field at the N.Y.U. Graduate School of Business Administration, and hotel courses through the Hotel Association of New York City and the American Hotel Institute. Armed with this formidable technical training, plus a stint with a manufacturer, he has been personnel director for The Roosevelt for two years, starting while in his twenties! He has one of youth's greatest advantages—he is enthusiastic about the hotel industry, his management, and the workers with whom he deals.—*Editor*

Offer an Employee Newsletter

How did we improve the situation? While we cannot ever expect to achieve 100 percent perfection there is one method, one tool, which is a great aid in the dissemination of information, regardless of the specific subject matter. This tool, this aid to communication, is a house organ (or, if you wish, Newsletter, Company Paper, Letter to Employees, Poop-sheet, etc.). And, fortunately, employees feel that a house organ is *theirs*, and therefore they search it out and read it with interest.

To answer the questions which I anticipate are in your mind, permit me to describe the manner of handling and presentation involved with the "Roosevelt Ramblings," official house organ of the Hotel Roosevelt, employer of almost 1,000 hotel workers. My comments are only meant to be guidelines — I am sure there are as many possible variations on handling the house organ as there are hotels. But I do sincerely hope that the following will get you thinking about the value of a house organ to get your messages to all your employees.

What Do We Write About?

The content of the house organ is limited only by the space available. There are certain items, however, which *must* be included if the paper is to be a success.

- First and foremost, employees want to know about promotions. People naturally like to see their own names in print, and promotions are well deserved matters of pride which must be announced. Besides, what better way to make known your policy of promotion-from-within?

- Secondly, employees want to know about the accomplishments of fellow employees. Mention of the receipt of a reward for the capture of a "skipper," and mention of the birth of a child to the wife of an employee are items of interest to all, though only to all those in a particular hotel.
- Third, employees want to know about the hiring of new executives and department heads. And how much better it is to make an announcement via the house organ than to let them learn of the news through the grapevine!

But after these "must" items, there are many of great value to both the employees and the management. For instance: steps taken by your safety committee to protect employees; announcements of large groups that will be in the house during certain dates; public service announcements such as advice to mail early before Christmas and to contribute to a charity — all these tend to make interesting reading while they benefit the employee by virtue of increased information.

Muzzle Propaganda

"Propaganda" is an ugly word these days but in its true meaning (zealous propagation of particular doctrines or principles) propaganda is as important for a hotel as it is for a nation. Many things we do for our employees might go unheeded and unnoticed were it not for mention of them in our house organ. One recent issue explained the many improvements *for employees* done by our engineering department in relation to locker rooms and the employees' cafeteria. Another issue offered advice on Social Security matters through the personnel department.



A word of warning is necessary at this point. Although you will, and should, use your house organ to effect necessary propaganda to your employees, the method of doing this is of extreme importance. For if your propaganda paragraphs are not written with care and tact, your entire publication can fail. When your employees start to feel that the house organ is little more than management's opportunity to state how right it is, the employees will feel that it is not "their" paper.

As an example of this important aspect, we recently decided to devote space in several issues to the problem of absenteeism. Feeling that merely pounding away at absenteeism as an evil was not the answer, we decided that the basic approach should be an attempt to convince employees that their presence on the job was crucial not only to management, as we *needed* them, but also that absenteeism imposed an unfair burden on *fellow employees*.

And when it came time for a campaign for employee cooperation to keep the locker rooms clean, among other appeals was a direct, signed statement from the union shop steward at the hotel.

Don't "Talk Down" to Employees

Always keep the intelligence of your readers in mind. Although a house organ should not be written as a work competing for first prize in a literature contest, neither should it be written for children. Your employees have a good deal of insight into the world around them, and although willing to be fed advice, they do not want a steady diet of such advice on a baby spoon. And you can help remove any onus from such preaching with the insertion of "humor" — perhaps a joke (in good taste) here and there, or perhaps a clever saying which is not only enjoyable to read but which also conveys a message.

Screening Topics

Insofar as specific "editorial policy" is concerned, we have felt it best to cover any topic of local hotel interest, with the exception of Union-Management negotiations, regardless of the subject matter. Editorial policy is determined by the house organ editor in conjunction with management. This decision was felt to be best at the Roosevelt where union feeling is especially strong and where some type of negotiation is constantly in progress. In other cases the situation might be different and you might wish to cover such a

subject, and yet refrain on other topics. In any event, editorial policy should be established at the start so that you will have guidelines to follow, subject of course to change at a later date.

Content then is limited only by space. You might wish to have special features such as our "Rambling Spotlight" in which we single out an employee who is a real "personality." Or, you might wish to have a regular feature of "Safety Hints." The possibilities are endless.

Personal Selling

Perhaps the most useful benefit lies in the area of "salesmanship," — that hotel-employee asset which is far too weak these days. Much has been said and written about this failing. Yet my colleagues with many years of hotel experience tell me that today's hotel worker is not nearly the *salesman* that the old timers were.

The reason for this lack of "sales mindedness" is a subject which goes far beyond the scope of this paper. And yet, even without going into the "Why" of the matter, we *can* go into the "How." How can we help stem the attitude of indifference to service? How can we try to convince workers that good, polite, gracious service *benefits the employee*? One effective way is through the house organ.

"The Man with the Button"

The "Roosevelt Ramblings" was the key tool recently in an employee-orientation plan. Our basic method was one that has been done before: "The Man with the Button" program — the identification of key members of groups and conventions who deserve *super* special service, as opposed to the *regular* special service we try to give to all of our guests. The key individual (or three or four such persons in a large group) is given a button which identifies him as a "VIP." Employees are instructed to pay special attention to the man as he is the one who makes the decision as to whether or not the group returns.

In essence, we persuaded the employee to sell *himself* for if he sold himself he would at the same time be selling the hotel. By convincing him that he should pay special attention to certain guests, his entire attitude was altered to some degree to the point where he became a better salesman for the hotel.

After a few weeks of advance word we came out with the special issue, distributed to every employee, which carried a printed picture of the "Button," as well as the following copy:



Pictured above is the button which will be worn by selected members of Groups which come to the Hotel Roosevelt. This button will be given to those people who are responsible for deciding if the Group returns. The button is given out so that YOU will recognize these people. When you see someone wearing the button, you will know that you have a chance to show the person what a fine Hotel the ROOSEVELT is, by giving him extra special service. In this way the person will be convinced to return to the ROOSEVELT in the future. When he returns, it means business for the Hotel. When the Hotel has business, YOU have work. It's just that simple! By treating the person who wears the button especially well, job security for all ROOSEVELT EMPLOYEES gets strengthened. Look for the Man With The Button. Treat him well.

HELP YOURSELF BY HELPING THE ROOSEVELT.
LOOK FOR THE MAN WITH THE BUTTON.
GO OUT OF YOUR WAY TO TAKE CARE OF HIM.

Success is measured by results, and our results were so effective that we know our plan was successful. The "Roosevelt Ramblings" was used extensively in this campaign, along with other methods of communications which have had only partial success in the past. We feel that the "Ramblings" was the deciding factor in communicating successfully to all employees the essential nature of accommodating "The Man with the Button."

How Do We Gather Material?

For the "Roosevelt Ramblings" we have a staff of twenty-six reporters, from various departments in the hotel. Through these reporters we are able to secure information of interest to employees because such information is *about* employees. Though the personnel department is aware of births and marriages, reporters can supply further details on such events, as well as an endless stream of other information. A deadline is set by which time reports must be in. To make the re-

porter's job easier, it is not necessary to hand in written reports, although most do. The personnel secretary helps by typing up such information if the reporter comes in with an oral report.

What Form Do We Use?

Here, again, the possibilities are endless. Depending upon the money you are ready to spend, the size of your editorial staff, the amount of material you have to present, etc., the final decision on form rests with the individual hotel.

While the form *you* use will probably be different, bear in mind that it *must* catch the eye of your employees. There is little sense in spending hours preparing a paper which is not read. If possible, use at least one or two colors to contrast with your white (or colored) paper. The printer who does the other work for your hotel will certainly have some helpful ideas for you and he should be consulted.

The "Roosevelt Ramblings" comes out every other Monday and is one legal-size page long. The "Ramblings" is done by the "Ditto" process of duplication, a tool available in many hotels. The 8½" x 14" sheets of Ditto paper are pre-printed with a banner-head giving the title. Along the left- and right-hand margins "hotel-type" pictures are printed and therefore appear the same for all issues. Further, there are illustrations at the bottom of the sheet — pictures of a doorman, a waitress, a waiter, a maid and a bellman — printed in red, on white Ditto paper.

Chain Hotels

Another possibility for form exists in those cases where your hotel is part of a chain which issues its own news organ. Under these circumstances, news of the happenings in your hotel can be inserted within the chain-wide publication. But this method is not nearly so effective as having your own house organ, for your local news tends to be lost among the news supplied by other chain members. Moreover, the chain news organ tends to come out infrequently. Such a method *would* provide a starting point, however, from which you might later develop your own house organ.

Best, of course, is a combination of these two forms. For example, the Hotel Roosevelt is a functioning unit of the Hotel Corporation of America which publishes the "H.C.A. News" once every two months. Although the "Roosevelt Ramblings" is published once every two weeks,

local Roosevelt news also appears in the "H.C.A. News." This combination effects the dual purpose of creating interest in the chain-wide publication (since our own local news appears) as well as furnishing information about the Roosevelt to other members of the chain.

What About Cost?

Now that we've discussed form and content, the cost factor must be on your mind. And here's the best news of all! The "Roosevelt Ramblings" cost us less than *one penny* per copy. And this includes the cost of the pre-printed paper (\$9.40 per thousand sheets) and the cost of the Ditto master (5¢ per master). Normally we produce 150 copies of an issue and distribute 80 of them to supervisors and key personnel who subsequently post them on their bulletin boards and bring them to the attention of employees. Most of the remaining copies are kept in the personnel department for distribution to employees who might (and do!) request a copy. And when John Workman's name appears in the paper, he will want a copy to take home to show the wife and kids. Therefore copies are always sent to those employees whose names actually appear.

In our case, for less than *two dollars every other week*, we reach our employees. Can you think of another way to achieve effective internal hotel communications for only *fifty dollars per year*?

A Few Hints

Sources of material for items other than local news are many and varied. However, I have

found two excellent sources of "general interest" information which I would like to pass on.

North American Precis Syndicate, Inc., (220 West 42nd Street, New York 36) has a bi-monthly publication called *Precis*. This publication is an illustrated catalog of freshly prepared stories and illustrations which are available to you free of charge. Stories run from 300 to 1,200 words each (which you can of course condense) and come with one to eight glossy prints (should you decide to produce a "slick" that enables you to reproduce pictures). To order, merely request *Precis* from the above address.

Secondly, contact The Gebbie Press (151 West 48th Street, New York City) which prints a catalog of house organs. This catalog is distributed to many firms which in turn will supply you with material for your house organ. Simply write to The Gebbie Press and request them to list your house organ in their catalog at no charge to you.¹

By way of conclusion, I sincerely feel that the service you will be doing for your employees and your hotel by producing a house organ will be self-rewarding. You will experience an almost immediate improvement in your internal communications. Should you have any specific questions, or should you wish to see copies of the "Roosevelt Ramblings," simply write to me at the Hotel Roosevelt, Madison Avenue and 45th Street, New York City 17. I shall be happy to oblige.

¹ *The Company Publication* (S. D. Warren Company, 89 Broad Street, Boston 1, Massachusetts), contains helpful material on layout and editorial practices. This book is distributed free by the company to printers and others using Warren paper products.—Editor

Food Service Plans of Cornell Students Published

Five students in food facilities planning at Cornell University have had their projects published in recent numbers of *Volume Feeding Management* magazine. They are winners of a competition held last spring by this publication. The projects were judged by a team of six well-known food service and equipment specialists.

The three top award winners appearing in the May 1961 issue included the work of Donald Trice '63, who planned a highway restaurant with five dining rooms and food production areas to serve about 500 patrons; Donald Coe '62, who planned the food service facilities for a 200-bed hospital; and Wayne Freihofer '61, who planned a highway specialty restaurant with two dining rooms to serve about 500 patrons.

Appearing in the September 1961 number were the plans for a specialty restaurant designed by Hal O.

Binyon '61. The plans for a Kibutz (communal colony) cafeteria in Israel, drawn up by Ezekial Hacoheh of that country, were published in the October 1961 number. Israelis living in a Kibutz eat their meals in a communal dining area. Only children under six years of age are fed in the nursery.

One other project to be published soon is the work of John Broadhead '61. He developed the plans for a "Plantation House" restaurant, composed of a dining room and a coffee shop seating a total of 350 persons, which is to be operated in conjunction with a motel in Alabama.

The food facilities designs included all aspects of the basic menu, food receiving, storage, refrigeration, production, service, and cleaning up. The students are enrolled in the classes of Prof. O. Ernest Bangs of the School of Hotel Administration.

A restaurant's most important sales point:

Courtesy

by Professor Earl Brooks*

Graduate School of Business and Public Administration at Cornell University

Indifference Loses Sales

Courtesy is the most important selling point a restaurant can have. A survey conducted a few years ago showed that out of thousands of customers interviewed, the biggest complaint against both retailers and restaurant people was indifference—or lack of courtesy on the part of sales people.

Out of every 100 persons who stopped buying at certain establishments, including restaurants, 68 stopped because of indifference of the store or restaurant staff; 14 because of complaints not adjusted; 12 because they could buy or dine elsewhere for less; 5 because of personal reasons to oblige friends and relatives; and 1 customer died. In other words, two out of three persons quit because of *lack of courtesy, indifference, or too long a waiting time*. These figures are pertinent to your industry.

Here are some letters that were printed:

I like to use these services because Sally waits on me. She always makes me feel like I'm the most important customer in the restaurant. No matter how many customers there are, she finds time to speak and tell me she will wait on me as soon as she can.

Another letter said:

I like to have Mrs. Jones wait on me. She always has a smile for everyone and a word of sympathy if the items I'm looking for aren't available. She's never too busy to be friendly and that's really important when you're new in the community like I am."

Mail order houses estimate that it costs about \$10 to put a new customer on the books. It is estimated that the cost of obtaining new customers in retail stores is even higher—as much as \$20 to \$30. How much does it cost your restaurant to get and keep a good customer? My guess is that it is a fairly expensive proposition. Now you can see why so much emphasis should be placed on courtesy—it is cheap insurance against high customer turnover. None of us can afford to lose customers.

The need for courtesy should be uppermost in the mind of management. Moreover, every employee must also be attuned to this need, for one discourteous employee can undo the good work of thirty-nine others when he comes in contact with a customer.

Your customers react to your management policies as they see your employees carrying them out. To aid you in determining how well your management policies are actually being manifested, why not conduct your own survey. A convenient form is set forth in the adjoining column. While it is all very well to have your policies prepared in booklet form and distributed to your employees, the answers to such a survey provide the real test of whether those policies are being observed by your employees.

*Professor Brooks has served as a management consultant to numerous hotels and restaurants, among them The Greenbrier, The Drake (Chicago) and Hot Shoppes. This article is adapted from a recent address he gave before a restaurant management workshop held by the School of Hotel Administration.—Editor

Restaurant Courtesy Survey

Waiting Time

- About how long did you wait for attention after entering the restaurant?
- For what reason were you required to wait?
- If the hostess or waitress was unable to give you immediate attention, did she acknowledge your presence? If so, how?

Approach

- Was the approach friendly and cheerful?
- Did the hostess or waitress in her approach give you the impression of wanting to help you?
- What were the first words with which you were greeted?

Attitude

- Was the waitress' attitude friendly, cheerful, and helpful?
- Did she at any time seem bored or indifferent?
- Did she take an interest in your order and try to be helpful?

Knowledge of Merchandise

- Did the waitress give you the general impression that she knew her merchandise (menu)?
- Did she explain the difference between various items?
- Did she create the impression that the item you ordered was worth the price?

Suggestive Selling

- Did the waitress suggest some other item to you? If so, what?
- Was the item suggested:
 - related to the one you ordered?
 - especially reasonable?
 - just something she had to sell?
- Was the waitress' manner of suggestion helpful or offensive?

Thank You

- Did the waitress, cashier, hostess thank you for your patronage?
- If so, did she do it mechanically or like she meant it?

Would You Go Out of Your Way to patronize this restaurant again? If so, why?

The "10-Point Employee"

What kind of worker should you try to obtain to insure his fulfilling your policy of courtesy? Here are the characteristics of what might be termed "the 10-point employee":

1. He is willing to learn and work.
2. He knows his products.

3. He has a genuine desire to sell and to serve.
4. He believes in his company and in its policies.
5. He has confidence in himself.
6. He is neat in appearance.
7. He provides information to his customers.
8. He is patient.
9. He is polite and courteous.
10. He is enthusiastic about the company's commodities and services.

You will agree that these attributes are easier wished-for than found. Yet, they can be acquired by means within your control if you practice the points given below in your management policies:

Points for Management

1. Exercise care and skill in the selection of employees and place them in assignments where they can use their ability to best advantage.
2. Make the introduction to the job friendly, skillful, and adequate, for the first day on the job leaves a lasting impression. Rules should not only be stated, but reasons given for them. (Yesterday the boy who checked me out in a supermarket asked me politely, "What time is it, sir?" I told him and then said, "Don't you know there's a clock right behind you?" He answered, "Sir, the manager said I shouldn't be a clock-watcher." He had been told what the rules were, but no one had told him why.)
3. Make each employee feel that his efforts are really appreciated.
4. Give careful and thoughtful consideration to the probable effect of every notice or practice upon the feelings of everyone concerned. (I once knew of a case in which a worker cut his eye slightly while wiping his face with a paper towel. A notice was promptly posted saying, "Effective immediately no one is to use these paper towels for wiping his face." This gave rise to rumors that there was caustic acid on the towels, that a worker had suffered permanent damage to his eye by using a towel, and so on. To paraphrase Murphy's Law, "If a policy can be misunderstood you can be sure it will be.")
5. Give employees a part in planning those things which affect their working conditions.
6. Give each employee a reason for having pride in his work.
7. Provide conditions that will give each employee a satisfying social experience in working for his livelihood.
8. Carry out each day's work in a spirit of friendliness. I have often noticed a difference in the degree of friendliness between the front and the back of the house. Does it need to be that way? Granted, the working conditions are different in each, but can't there be more understanding?
9. Encourage discussion of anything concerning an employee's welfare or the company's interest.

10. Arrange reasonable hours, safe working conditions, and continuous employment (as is consistent with business conditions).
11. Give adequate pay for services rendered, particularly so far as comparative pay is concerned.
(Be sure that an employee's immediate supervisor hands him his first pay check so that the various deductions can be explained to him. If you provide fringe benefits, it behooves you to see that your employees and their families understand the benefits you provide.)
12. Provide the opportunity to develop and progress on the job.
13. Understand the worker's problems, both on and off the job.
14. Give continuous answers to:
 - What is expected; for what and to whom is he responsible?
 - How is he doing?
 - How can he improve?
 - Why is it important to improve?

Putting Policies to Work

The policies outlined above will aid you in achieving your goals. There are three ways to administer them: *criticizing*, *counseling*, and *coaching*. The essential elements of each approach are outlined below:

1. *Criticise (Evaluate) Employee Performance by:*
 - Evaluating performance and results against understood standards:
 - What is expected.
 - How the employee is doing.
 - How he can improve.
 - Why it is important to improve.
 - Giving continuous recognition to:
 - Accomplishments
 - Areas for improvement
 - Discovering how subordinates and superiors can help *you* do a better job.
2. *Counseling With Your Employees Through:*
 - Sharing—problems
 - feelings
 - interests
 - viewpoints
 - Jointly discovering
 - problems
 - causes
 - possible actions
 - progress
 - Helping others help themselves. (Advice?)
3. *Coaching Your Employees:*
 - Anything a supervisor does that helps a subordinate to develop.
 - Conscious, planned effort which a supervisor puts forth in providing incentive for the persons reporting to him to develop themselves.

- Training employees to meet unrehearsed situations. A person can do nearly anything if—
 - He wants to.
 - He is trained to do it.
 - He understands the reason why it needs to be done.

Your reason for practicing these points of employee development is not simply to be humanitarian but to make money and to stay in business. You are trying to sell people. In order to provide a policy that will draw customers, you must first sell your employees.

Standards of Performance

The fixing of responsibility must go hand in hand with standards. If *everyone* is supposed to be clean, *no one* will do it. In other words, if there are long waits in your restaurant, it may not be *who* is wrong but *what* is wrong in your organization.

A "standard" is a statement of conditions that exist when there is a high level of job performance. A "standard" should fix accountability and responsibility. A standard should be in writing—the faintest ink is better than the fondest memory. Simply because definition of a standard is hard to do is no reason for not doing it.

A "standard" should be "expected results" in terms of *quality*, *quantity*, *service*, *expense*, and *time*. It should cover significant factors. It should enable *measurement*, both by the employee and by the supervisor. It should be used continually as a basis of communication in terms of what results are being accomplished and what areas need improvement.

Each of your employees, yourself included, is probably doing a certain phase of his job too well at the expense of another phase. Define what aspect of the job you want to be given priority.

Selling Employees on Your Company

You must do a continuous job of selling employees on your organization. I am firmly convinced that there is no such thing as a "one-day orientation program"—or even a two-day one. You must continuously point out to employees such things as: How they could do better. The pride they can take in working for your restaurant. And the pay they can take home. Most of us want to do something worth while—people don't work for money alone.

Tell your employees the pleasant things you hear customers say about the service when they pay their bills. Giving employees a "pat on the head" is important in motivating them to do even

better. If I give my dog a whole box of dog biscuits and say nothing, he won't roll over on the floor and bark. But he will perform for a single biscuit if I hold it up for him and say a few words of praise. This is a human quality, too.

Here is a list of questions that a highly successful company tries to ascertain about job candidates when its staff recruits college students:

1. To what extent does he (the graduate) appreciate the fundamental soundness and rightness of operating a business successfully and profitably so that it provides a livelihood for its employees, a fair return to its stockholders, business for its suppliers, and a needed service to customers—at the same time providing for continuity in business?
2. To what extent does he understand the particular obligations which management assumes—the challenges it faces—the need for paying attention from the earliest moment to *being right and being responsible*? Does he understand what it does to his reputation and that of his management to pass along instructions for which he disclaims sympathy or responsibility?
3. To what extent does he understand the strength there is in decisions being reasoned out on the basis of what is the greatest good for the greatest number rather than paying attention merely to what is the popular thing to do?
4. To what extent does he understand the pitfalls which exist in making decisions on the basis of expedience, with today's problems alone in mind, rather than looking ahead to problems which will surely arise?
5. Does he understand that, for the good of the organization, merit is the only sound guide to progress, and that, in the mind of a man who has the real good of the organization at heart, there is no room for favoritism?
6. Does he understand that the soundest progress which an individual can make in business comes as a result of the things which he does to help the business as a whole get ahead, thus taking him with it?

These same points apply to the employees in your restaurant, right down to the pot washers. If you have sound policies, remember to sell sound operation in your employees' day-by-day activities. Sometimes we don't face up to failure. Don't wait for time to solve your problems. Occasionally, the wisest thing to do to people is to "chew them out." Often they come back later to thank you for doing so.

Questions and Answers

Question: Would you explain our role as counselors further? I don't think a restaurant manager should get too involved in his employees' feelings.

It is true that we often tell employees to leave their feelings at home. And yet, I think you will agree that many of your employees' troubles on the job

originate at home. You should show some understanding of their problems if their work is being affected.

Question: If we encourage our employees to tell us their problems won't we be snowed in with them all day long?

Naturally, you can do too much of anything. I admit it is hard to know sometimes how far employees will go in volunteering to tell their troubles once they know they have a willing ear. I once counseled a manager to start greeting his employees each morning by asking them how they were. A week later I asked him how my suggestion had worked out. He said, "You just about ruined my week! Do you know, the first fellow I asked 'How are you?' stopped for half an hour and *told me*?" Yet, if employees have obvious problems, it is to your own interest to find out what is on their minds.

Question: What do you mean by "helping them help themselves?"

Be understanding, but *don't give advice* on action to take in their personal lives. Perhaps you may want to refer them to professional help. In any case, let an employee take the initiative in solving his own problems. By letting a person make his own decisions you will be helping him to build confidence in himself. People like to say, "I want advice." Yet the person who goes away with the most satisfaction is the one with whom you have raised questions and who leaves with the idea of helping himself.

Question: If a person is doing a good job, do you need to know about his personal life? It is only when he isn't a profitable member of your organization that you need to know something about his personal affairs.

Don't wait until the ship starts sinking before you see if the pumps are working. Practice fire prevention.

Question: Then the manager or supervisor's role is simply to listen to people who want to get something off their chests and talk matters over with him confidentially?

Yes, but don't swear you'll keep things in complete confidence. When I was a personnel officer for a large company several years ago an employee came to me with a problem he wanted held in strict confidence. I swore by my Boy Scout oath not to tell anyone. Then he proceeded to tell me that over a period of years he had taken \$800 from the company. He said that he felt so much better now that someone in the administration knew about it. *What a fix that put me in!*

Question: Management's main job often seems to be that of computing percentages and returns. Do you think a manager should explain his concern for making money to his employees and tell them of ways they can be helpful?

I believe in the last part. Sometimes the employee isn't too interested in whether you make money. His chief concern is how to make more money for himself and his family. If you can work to make money

together, it may help your relationship. I don't believe that many employees want to see your financial reports.

Question: There are bright people in every group who want to get ahead. Wouldn't you say that it is up to us as managers to give them that push upward by giving them recognition and setting high standards for them?

Exactly. Young folks today are just as bright as we were, and sometimes perhaps a bit brighter. People basically want to do good work and move ahead. One reason they don't do good work is that we have inadequate standards or objectives for them. As we look back to our school days, we recall that we respected and did the best work for the teachers who had high standards rather than for those who were push-overs. The same applies to supervisors. Make every job seem important to your employees. Somewhere there are bright people working in restaurants. If you don't have them, your competitors must. These bright people exist if you can motivate them and utilize them.

Consider these figures: during the past ten years our agricultural productivity has risen 89%; that for industry, 34%. I don't know the exact figure for the increase in restaurant productivity, but it is far lower. The competition for all jobs grows keener and keener every day. Our concern should not be with the person of low intelligence. We must get people to "work smarter" rather than harder. One way to do so is to encourage them to contribute ideas to your organization.

Question: What do you do with a person who has reached his ceiling?

Is he doing his work satisfactorily?

Answer: Not as well as he did.

If he is doing passable work, give the man encouragement. You should let him go only if he is not earning his keep. All of us are going to reach a plateau. It worries me that the American philosophy keeps moving onward and upward to bigger and better homes, cars, and clothes. What are we going to do when the economy levels off? We must realize that there are acceptable standards with which we should be satisfied. Perhaps this fellow is meeting acceptable standards and just doesn't want to go any higher. Or, if he isn't meeting the standards in his present job, perhaps you can shift him to something else where he will.

Some of you may have heard about the organization called "POPS." It means "Passed Over and Put On the Shelf." It is composed of people over forty who have not had a promotion in a long time and who are at the top of their job range. The members mostly work in utilities, banks, and insurance companies. There are branches of this organization in most cities.

If you have such a man, put him in a position where you can utilize him. Don't put him in a position where he will impede the progress of someone else. We have an obligation to help him because in

many cases we failed in the first place to know what the man's real qualifications were. Although many times a man seems to have reached a dead end, *never tell a man he has gone as far as he can go*. Most of us want to do something worth while. Unfortunately, the restaurant industry isn't big enough to retain many of these people the way banks do. You must think of other ways that these people can contribute to your organization because the problem is a common one.

Question: The hardest thing we had to learn was communication within our own organization. We have forty employees. Finally we developed a staff meeting in which all key people participate. Suggestions are mimeographed and put in a staff book. Border-line employees are discussed at staff meetings. We try to get the supervisors to accept the limitations of all persons. Have you any additional suggestions?

Communication is one of the most difficult problems of management. All of us want to communicate but few of us can really do so. Last week I read of a man who had been in the hotel business for thirty years who said that the best way to communicate in his hotel is to say to someone: "There is a rumor that . . . is going to happen." He reported that word got around the hotel faster that way than by using the best manual or holding staff meetings.

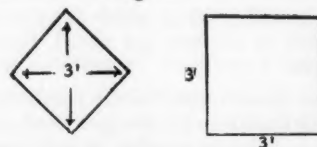
Seriously, though, one way to achieve communication is through staff meetings with planned agenda. Also, remember, it isn't so much *what* you say as the *spirit* in which you say it.

Let me give you an example of communication and see how you react:

I had a window in my garage that was 3 feet across and 3 feet from top to bottom. My wife didn't like it because it wasn't large enough. So I got some boards and material, took out this window and put in a new one—3 feet across and 3 feet from top to bottom. This window is twice as large and my wife likes it.

How many of you believe me? (Only 2 out of 100 persons did.)

Now examine this diagram:



The lesson from this example is simple: people hear what they want to hear. Make things clear from *their* viewpoint. Basically, people want to know exactly what you want done so they can please you. Bear this in mind in your communication efforts.

In Brief . . . little things make an impression on people. Mint-flavored toothpicks make my boy Jimmy want to return to a certain restaurant. Little things are also the easiest to fix. I'm sure that when you have a broken water pipe, you get it fixed immediately. But leaky faucets seldom get urgent attention. Begin considering the little things and watch your customers react. ■

Profits Through Controls

Wine sales build up a restaurant's reputation.
Proper controls insure profits from wine sales.

by Henry O. Barbour

The study of wines and wine service, in themselves, are fascinating fun. Yet, regardless of whether the hospitality unit is a hotel, restaurant, club, or motel, the main idea is to have sales income exceed expenses.

This desirable excess of income over expenses can be kept at the maximum by instituting certain control procedures and then by constantly checking these procedures through reports, spot checks, and regular physical counts of wine inventory at the end of each accounting period. Only in this way can the skills and techniques of wine merchandising come to proper fruition—making a profit.

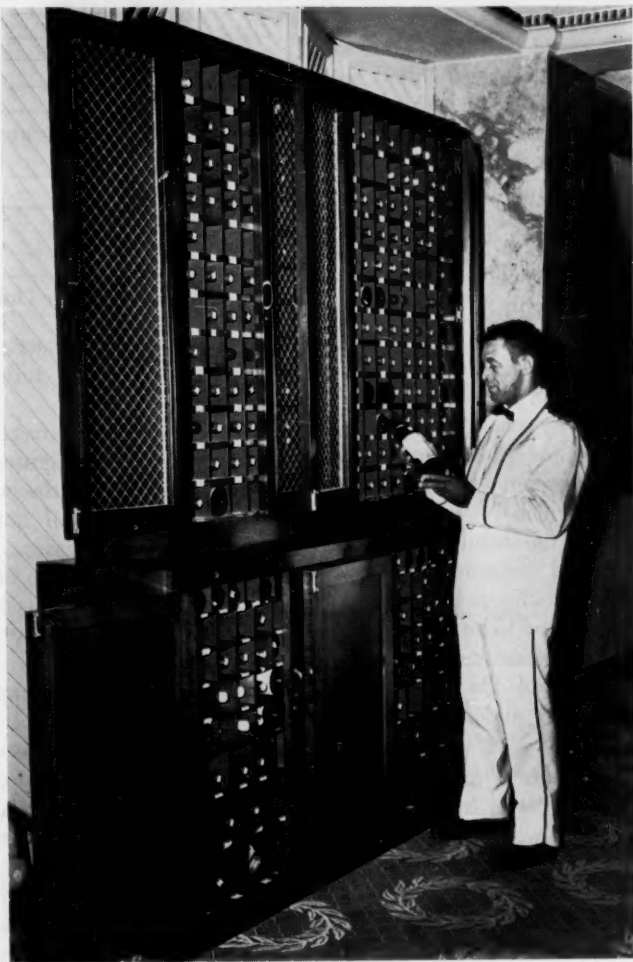
Purchasing Procedures

The use of written purchase orders, even when ordering is done by telephone, is an essential part of control. Properly

used, the written order prevents:

- Acceptance of items not ordered.
- Acceptance of the wrong size.
- Acceptance of substitutes at the quoted or a different price.
- Acceptance of more than the proper amount.
- Paying for merchandise at higher prices than those originally quoted.
- Duplication of orders.
- Alerts the receiver if less than the necessary amount is delivered (especially important in cases of special parties).

An in-service wine storage cabinet adjacent to the dining room provides ready access to red wines at room temperatures. Note the bin numbers on each pigeon hole and the numbers on the corks. This special wine waiter is distinguished from the other waiters by his shoulder epaulettes made of small artificial grapes.



One copy is retained by the person doing the buying, who should file it with the other purchase orders of that firm, its catalogues, information booklets and miscellanea. This purchase order is held therein for future

Fig. 1. Purchase Order Form for Wines and Beverages

To speed up accounting, receiving, and storage, code (or bin) numbers are assigned at the time of purchase. Figure 2 illustrates one system of numbering the wines. This system calls for preplanning to some extent—in assignment of bins and in the rough determination of the number of wines it is planned to stock. This procedure also has the effect of controlling the addition of new items to the list, especially when the pre-planned number of wines has been reached.

The code system has these additional advantages:

- Easier to suggest wines
- Easier for guest to order
- Easier for employees to order from cellarman
- Easier to associate number with name
- Easier to find storage place
- Easier to fill order (similar kinds are in adjoining bins)
- Easier to plan service methods
- Reduces account time
- Makes changes in vintage years automatically apparent
- Letter plus number allows any number of additions in the same section

Receiving

Certain receiving procedures must be followed to assure the operator that merchandise has been received in good condition prior to any transfer of funds. As the signer of the payment check is rarely the receiver of the merchandise, information of its receipt must be formally communicated to the accounting office. A record must be retained for a year or two as proof that a specific number of bottles were actually received by a certain employee, to support the issuance of the check, and for inventory control purposes.

While a rubber stamp on an invoice, initialed by someone, fulfills these requirements, this information is not always complete for all control purposes; nor are any two invoices identical in arrangement. So, many operations make use of daily receiving sheets to which the information that appears on the invoice is transferred, in columnar form, and the omissions supplied. It is obvious that the preparation of a receiving sheet is, to a great extent, merely copy work, and thus unproductive.

There is never enough volume to justify a sheet for wines alone. But this unproductive clerical

Fig. 2. SUGGESTED WINE NUMBERING CODE

Categories of Types (By Letters)

(Includes wines from the same grape varieties or wines carrying same generic names produced in country of origin or elsewhere. European Wines are used as basis.)

- A. Chablis
- B. White Burgundy
- C. White Loire Valley
- D. White Bordeaux
- E. Misc. White (French) Rhone, Arbois, Alsace
- F. Moselle
- G. Rhine
- H. White Italian and Hungarian
- I. White Spanish, Portuguese, Chilean, & American Varietals
- J. Burgundy and Loire Roses
- K. Bordeaux, Rhone, Province and Misc. (French) Roses
- L. Italian, Spanish, Portuguese & Chilean Roses
- M. Red Burgundy
- N. Red Beaujolais & Loire
- O. Red Bordeaux
- P. Misc. Red (French) Rhone, etc.
- Q. Red Italian
- R. Red Spanish, Portuguese, Chilean, & American Varietals
- S. Champagne and Sparkling Wine
- T. Sparkling Rose
- U. Sparkling Red Wine
- V. Ports, Maderias, Marsalas
- W. Sherries
- X. Vermouths & other Flavored Wines
- Y. Fruit & Berry Wines
- Z. Bottled Waters and Non-Alcoholic grape products

Categories of Areas (By Numbers)

In each category, geographical sub-areas are designated by groups of numbers, and then divided to yet smaller areas, and finally to individual vineyards.

Examples:

- O. Red Bordeaux
 - 0-1 to 5 are New York State Clarets
 - 0-6 to 9 are Ohio State Clarets
 - 0-105 to 110 are Chateau Margaux
 - 0-106 is a 1947 Chateau Margaux
 - 0-107 is a 1949 Chateau Margaux

Bottle Sizes (By Number)

A hyphen and a number then indicates bottle sizes:

- 1 indicates pony bottle (6-7 ounces)
- 2 indicates half bottle (11-13 ounces)
- 3 indicates full bottle (23-26 ounces)
- 4 indicates magnum (48-52 ounces)
- 5 indicates a Marie Louise (72-78 ounces)
- 6 indicates double magnum or a Burgundian Jeroboam (96-104 ounces)
- 7 indicates Tappit Hen or Bordeaux Jeroboam (126-132 ounces)
- 8 indicates Rehoboam (148-156 ounces)
- 9 indicates Methuselah (204-210 ounces)

Thus:

- A1-2 indicates a half bottle of Great Western New York State Chablis.
- G22-3 indicates a full bottle of Christian Bros. Calif. Johannisberg Riesling.
- G42-4 indicates a magnum of Liebfraumich, Hans Christof wine 1957.
- O109-6 indicates a double magnum of Chateau Margaux 1953.



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work can be eliminated completely by the use of a purchase order which permits dual use as a receiving report (such as Form 1 previously discussed) even if the copies never leave the club. Daily and monthly totals can be accumulated on an adding machine tape, and stapled to the bundle of Purchase Order—Receiving Slips.

When beer and whisky are purchased at the same time as wines, those orders could be entered on separate purchase orders. This tends to simplify the keeping of inventory control information, as one set of P. O.—Receiving Slips can carry all the beer receipts, another set all the wines, etc.

In using a copy of the purchase order as a receiving report, the receiver first indicates the date, invoice number and the bill of lading number thereon (if the items are not delivered by the seller's truck). Also he indicates the number of cases or bottles of each received, regardless of whether the item column has been blacked-out for blind receiving. The receiver should be required to enter the amounts, not merely check off items.

Standard Weights

Many large operations have developed charts of standard weights for cases of liquor, milk, eggs, and similar products, to insure getting full value without opening the cases and thus speeding up the receiving process. For example, ten cases of the same kind of bourbon are placed on the scales, the weight read or perhaps printed on the P. O.—Receiving Slip (as by a Toledo Print-Weight scales), and the total weight compared with the amount the standard weight chart shows should be there. If a bottle is missing or broken, it shows up immediately as a shortage of about 1½ lbs.

This system is not recommended for receiving wines, due to the relatively small volume of traffic as well as the wide variety of packaging materials used. Foreign wines especially may come one time in straw hoods packed in wooden cases; the next time in wooden cradles in wooden cases; and yet a third time in cardboard cases!

It is unwise to open wine or liquor cases in the receiving area, as bottles of this type have a strange way of "evaporating," especially when full. So the

cases should be examined visually for obvious damage. Those that show evidence of having been damaged or opened previously *should* be opened and any shortages noted on the trucker's delivery slip, the invoice, and the P. O.—Receiving Slip.

All full, unopened cases should be signed for "Hidden damage or Shortage Excepted." This protects the operation in instances of cracked, broken, or imperfect bottles that at first glance appear sound, only to come apart in the cellarman's hands while being binned or else turn out to be only partially filled.

In shortages of a case or more, or non-delivery of an item, the receiver should automatically make out a set of purchase orders for these items and see that they are distributed before the end of the business day. Not only does this practice put the purveyor on notice, but it also informs the purchase order writer of missing items, so that if they are needed for a special party he can take steps to substitute—or to "light a fire"—under the purveyor to secure delivery the next day.

When possible, all receiving (not only of bottle goods)

should be done at the back entrance and by the same person. It is unwise to permit delivery men access to storerooms and refrigerators, even though it saves work for the employees. This is especially important in liquor or wine storage areas, where the stock comes in "handy-carry-home packs." If receiving is not done next to the cellar area, bottle goods should be routinely placed in a locked closet or cage until the cellarman can transfer them to the proper storage place.

Checking the Receiving Slip

The P. O.—Receiving Slip is attached to the invoice and sent to the accounting office at the end of the day. There it is checked:

1. Is the purchase properly authorized?
2. Is the proper bin number assigned?
3. Prices are compared with prior purchases:

- Does the inventory cost figure need changing?
- Does the selling price need changing?
- Why has the price increased (if it has)?

4. Overstocking—

- Is this order too big?
- Have orders for this wine picked up recently?
- If so, why?

5. Arithmetical accuracy—

- Was the breakage subtracted?
- Are figures correctly extended?
- Are they properly footed?

6. Has the cellarman discovered any hidden damage as yet?

The accounting office then enters the items in a purchase journal and/or on an inventory card.



Wine storage room showing white wine bottles in bins at left with cases on the floor and overhead. The open shelves on the right have been converted into wine bins by nailing a 1" x 2" strip on its side to the shelves. In the background is a rolling stepladder.

Storage

Square foot for square foot, the bottled goods storeroom encloses the most valuable space in the house, excepting perhaps the office safe. In one operation, the average value of merchandise in the food storage rooms and refrigerators was \$8.34 per square foot; in the cellar, \$66.67! Therefore, all possible safeguards are mandatory.

Certainly there should be only one entrance to the bottle goods storage room, and the refrigerators and bins should be inside this area. The door should also be strongly locked. Around

Pittsburgh several clubs even have old safe doors, complete with combination and/or time locks to protect this important space. An IBM Record-o-Lock is useful, as it prints the time and the code of the key used to unlock the door on a tape inside a locked box. This tape is inspected regularly for the length of time the door was open, the number of times it was opened, and any unusual occurrences—for example, a middle-of-the-night opening when the lock was actuated by a key checked out to the morning cellarman.

Traffic into this space should be kept to a minimum, with nothing of any other department stored therein. Ideally, even the compressors for refrigeration should be outside the area, and the space should have its own wash basin.

Also ideal is a layout that permits physical contact with all or a majority of the bars, either through small pass-through windows, or a dumbwaiter if the cellar is on a lower level. Such interior contact prevents another route of "evaporation of bottles" in the halls, keeps cases and empties out of guest areas, and speeds up the filling of requisitions. Obviously, these "supplemental entrances" should also be well locked.

The Record-o-Lock can be equipped with remote locks that make locking-up difficult if the other locks are not closed. If the cellarman orders the wine, a telephone should be available. And, when there are more than two bars, some system of communication should be supplied.

The storeroom should be cool, with 55° F. to 60° F. considered to be ideal temperature. But the evenness of temperature, day and night, week-in and week-out is more important. While 65° F. is acceptable, 75° is much too warm. The value of the merchandise stored justifies expenditure for a small air conditioner, even in an interior area, to lower the temperature from 7° to 10°.

The space should be dry and fairly well ventilated, to keep down mold on labels and also to discourage cork borers and roaches. Proper air circulation would make it unnecessary to store white and sparkling wines only on the lower shelves—a standard admonition in books on wine—as the temperature

throughout the space would be more uniform.

Tools

The cellarman should be provided with these tools for his exclusive use:

- Wire and metal tape cutter
- Carton cutter (for cardboard)
- Case hammer (not a regular hammer)
- Dust pan and broom
- Mop and bucket
- Self-supporting rolling ladder (Cramer Posture Chair Co., Kansas City, Mo.)
- Marking pencils
- Thumb tacks
- Bottle breaker and trash can
- Desk, or work table, and chair

Case Storage

As soon as the wine is received, small cards (about 2½" by 3") with the code number printed in large letters should be tacked on the upper left-hand corner of the case that carries the name of the wine. It may also be helpful to indicate the number of cases in the shipment and assign a specific number to that particular case (Figure 3). When stored, the cases should be stacked so that these cards are on the *aisle ends* and the bottles placed either on their sides or bottom-up so that the corks will be kept moist. All cases should be stacked on 2" x 4" slats. If stored next to a wall, they should be placed at least 2" from the wall to permit air circulation.

Shelves are needed for cork-up storage of liquor. Because the higher alcoholic content of liquor supposedly dries out the corks, bottles should not be stored on their sides. It is a good idea occasionally to invert these bottles momentarily to keep the corks moist.

M24-4

Gevrey-Chambertin '44
Reserve du Patron
Sichel-reorder 9

7-27-54 - 36
5-7-60 - 24

BIN CARD

M24-4

2 are on top
of row 5

SUPPLEMENTAL BIN CARD

M24-4

#1 of
4 Cases

CASE CARD
Figure 3

Rectangular bins (about 11½" wide x 15"—other shapes just waste space) should be provided for lying-on-the-side storage of all wines.

Each bin should be marked by a "bin card," such that shown in Figure 3, and should list, in addition to code number, the name, year, and producer or importer. The minimum number of bottles on hand when this wine should be reordered should also be listed when experience has established such a "recorded number." Also the date and amount of receipts should be indicated as this information is useful in determining the reorder number and in the taking of inventories.

Cost and selling prices are not indicated on the bin card, as they are better kept in a price

book. Requisitions can be priced much faster when the cellarman is seated at a desk than when he must wander up and down aisles with a clip board. Moreover, these two important figures should be checked at least once every six months by the accounting office to ascertain their current correctness. The cellarman, of course, makes changes in either figure in his price book when new shipments with different costs are received.

Writing issues on the bin cards is time-consuming and serves little practical value except as a history of usage. This information can be obtained from the delivery dates and a physical count, or by referring to the monthly inventory sheets. Incidentally, the monthly inventory should be taken on pre-typed sheets, or in a book, *from which last month's figures have been removed*. This forces each bottle to be counted each month, yet prevents skipping of a bin or a bank of bins.

The supplemental bin card, thumbtacked alongside the bin card, indicates where extra cases of this wine are stored, both for inventory purposes and in the event someone other than the cellarman fills a requisition. It is altered or removed as that wine is transferred to the bin.

In filling the bin, occasional "dry breakers" (*bottles broken in shipment, from which the wine has evaporated without leaving stains on the outside of the case*), "leakers" (*from which part of the wine has drained, due to a poor cork*) and "dummies" (*unfilled bottles*) may be encountered. Usually the purveyor will replace or issue credit for these, if the still-corked necks are presented. It is not considered "cricket" to try to get

credit for bottles broken in your own cellar!

When the wines are binned, it is suggested that three price tags be placed on the bottle—one over the end of the cork and two near or on the label. These tags can be self-sticking labels (Press-&Play tags from Dennison) or ones prepared by use of a Monarch Dial-A-Pricer (Model 20, Monarch Marking System Co., Dayton, Ohio), such as those used by grocery and department stores. They should show the code number and the price of the wine (Figure 4).

The tag on the cork is an aid in taking inventory and in locating the bottle—particularly when placed in service storage bins that may be too small to permit the use of bin cards. Upon service the two tags near the label are removed from the bottle. One is to be placed on the guest check and the other placed on the daily requisition sheet kept by the bar checker or the person responsible for the in-service storage. If an empty bottle is returned to the cellar with a tag still on it, it indicates the probability that one of these two operations has been overlooked.

Wine Issuance

Basically, there are two types of wine issues:

1. Daily issue for dining room or kitchen use—either into the in-service storage to replace a bottle already consumed or directly to the dining room.
2. Party issue—where several bottles may be issued at one time and one or more returned to stock unopened.

Daily Issue

For daily usage, a requisition (such as Form 5) should be required in at least duplicate copies. One copy, the one bearing the bottle tags, is kept by the

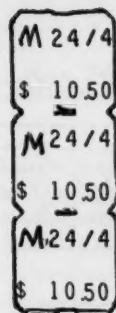


Figure 4
BOTTLE
TAGS

cellarman for control purposes; and the other copy goes to the accounting office.

In some operations a third copy is kept by the head bartender. First, he can use this copy as a check against the actual issues to make sure that all items requisitioned are supplied. If some are not issued, not only should a follow-up query be directed to the cellarman, but the servers should be informed of "outs." Secondly, the head bartender may want to keep his own wine costs by use of these requisitions.

The requisitions should always be accompanied by the appropriate bottles (from yesterday's business). After checking against requisitions, they are broken "to keep them out of trouble"—and to fulfill requirements of the Alcohol Control Unit in some states.

In use, Columns 1 through 4 of the requisition are filled out by the employee ordering the wine; Columns 5-10 by the cellarman—or perhaps 5 and 6 with 7-10 being completed by the accounting office.

Even though empty bottles must be exchanged for full ones, Column 5 provides for returns

BEER AND WINE ONLY
HOTEL EZRA CORNELL
STOREROOM REQUISITION

Form 5

DEPARTMENT Rothskeller DATE 7 May 1960

1	2	3	4	5	6	7	8	9	10
Code No.	Description	Year	Quantity Ordered	Quantity Returned	Net Quantity	Cost Unit	Total	Sales Unit	Value Total
M24-4	Berry Chardonnay R.P.	'49	3	1	2	75 ⁰⁰	145 ⁰⁰	118	21 ⁰⁰
A2-3	Jaylen's Chablis	NV	6	0	6	15 ⁰⁰	6 ⁰⁰	25	12 ⁰⁰
0131-4	Chateau Mouton Rothschild '28		2	0	2	1725 ⁰⁰	342 ⁰⁰	218	52 ⁰⁰
522-2	Paul Masson's Pinot Chomp NV		4	0	4	16 ⁰⁰	64 ⁰⁰	75	10 ⁰⁰
			15	1	14		62 ⁰⁰		95 ⁰⁰

Requisitioned By JMB Filled By E.K.

Requisition Number 6077 Received By JMB

Fig. 5. Storeroom Requisition Form for General Use

for one reason or another. Imperfect bottles, together with the occasional bottle rejected by a customer, should be returned to the cellar for replacement without charge. (The cellar should assume these costs, if the purveyor won't.)

Columns 7 and 8 assist in the control of the cellar, which is done at cost and verified with regular physical inventory and an occasional spot check. (Opening inventory plus purchases at net cost minus issues at cost should equal amount on hand at end of accounting period.)

Columns 9 and 10 are used to control in-service storage for dining room use, were stocks should be maintained on a "par basis" with the same number bottles on hand every day. The

in-service inventory should be constant—and frequent spot checks should verify this constancy.

The total of today's Column 10, which are the potential sales, should equal the total of yesterday's actual wine sales in that particular area. The total sales for the month-to-date should roughly correspond to the issues (at selling price) for the same period.

The proper application of this system will eliminate the need for a perpetual inventory to be kept by the accounting office, especially if the bars and cellarman receive a daily comparison (Form 6) for their information and guidance. (The other half of this daily report, dealing with liquor, is not shown as it is identical in form.)

HOTEL EZRA CORNELL
BEER & WINE ANALYSIS

Form 6

Day Friday Date 6 May 1960

BAR	TO DAY Rothskeller	TO DATE Beer	TO DAY Rothskeller	TO DATE Wine	TO DAY Dining Rooms	TO DATE
SALES	943	2220	93	458	1175	2672
ISSUES	942	2213	93	463	1167	2676
OVER OR SHORT	+1	+7	-0-	(-5)	+8	(-4)
REMARKS						

Fig. 6. Beer and Wine Sales Analysis Form

People are basically honest. If they are provided with the facts, it is surprising how well they will perform. With a little evidence of interest in getting the most out of every dollar of expenses on management's part, a feeling that they are being held responsible, and that their work is recognized, the results are usually very gratifying.

It is unnecessary for the issues or sales to be broken down according to classifications—unless serious shortages or overages develop—so long as those responsible for these profits are informed daily of their dollar standing. The keeping of a perpetual liquor or wine inventory by items is as pointless as that of a perpetual food inventory.

Party Issues

For parties, Form 7 is used, which provides for returns of unused full bottles and for checking the consumption against charges on the waiter's check. It is important that all bottles be returned to the cellar or otherwise accounted for. This practice not only protects the host but also insures that in-service stocks contain only items issued to them, not "loans" from parties that have been charged to a guest.

Form 8 is a cost report used daily in a very large establishment. For most operations, a weekly or monthly report of this type would be sufficient—mainly to check storage controls and pricing ratios.

Form 9 traces a mechanical accounting system method of control, which has the advantages of a perpetual inventory on a monthly basis, but which eliminates the clerical labor and expense.

Sales

Put yourself in the waiter's place. If you had to walk fifty feet in a direction just opposite the kitchen, wait two minutes for the bartender to get finished up on his last order, wait an additional three or four minutes while he fumblingly tries to locate the bottle (and half the time it's not in stock on the bar); then another minute for glasses, and perhaps a cooler; and finally walk back fifty feet for a two-bit commission, just how often would you suggest wine?

Controls are self-defeating when it is not simple and easy for the server to fill the guests' order correctly and promptly. Glassware, coolers and a complete stock of wines should be kept as close to the service area as possible. A few operations around the country keep wine stored right in the dining area. Others have a nearby private dining room fitted up as a wine cellar.

It is suggested that at least two half-bottles and two full bottles one or two magnum-sized bottles and one of large size if stocked) be kept numerically in a locked cabinet, preferably under control of the bar checker, or perhaps of a designated waiter.

Service can be further speeded up if the white and sparkling wines are kept between 45°-50° F., and the red wines at around 65° F. In this Utopia, the still white wines would need no further chilling—in fact, not even an ice bucket when they are served immediately. The sparkling wines would be ready for service after five minutes of further chilling. And, yet neither white or sparkling would be too adversely affected

HOTEL EZRA CORNELL COMBINED PARTY ISSUE AND RECEIPT FOR LIQUOR & WINES

Form 7

H.E.C. Reception (Party) *#53 Campa* (Number) *6 May 1960* (Date)

BOTTLES	Old Fic	Chen Regal	Bar Vodka	3r Penne	M24-4	A2-3
ORIGINAL ISSUES	36	48	6	8	2	6
TO BE	12	6	2	0	0	0
INITIALED)	—	—	—	—	—	4
	4					
	5					
TOTAL ISSUED	48	54	8	8	2	10
LESS: FULL RETURNS	7	4	0	1	0	1
NET ISSUES	41	50	8	7	2	9
RETURNS:						
Partial	0	1	1	0	0	1
Empty	38	47	7	6	2	8
Carried Out, Receipt Attached	2	2	0	0	0	0
Authorized to Carry out (Empls.)	1	0	0	1	(2)	0
TOTAL CONSUMED	41	50	8	7	2	9
NET ISSUES	41	50	8	7	2	9

W.E.W. (Checker) *9:25 PM* (Time) *Ind. Harris* (Employee Making Return) *10073* (Check No.)

Please prepare an Employee's Pass for who has permission to pick up the following:

BOTTLES						
Full	—	—	—	—	—	—
Partial	1 Mally	—	—	1 Summ	—	—
Empty	—	—	—	—	1 Summ	—

John Smith, Jr.
(Guest)

Fig. 7. Storeroom Requisition Form for Party Use

HOTEL EZRA CORNELL BEER & WINE COST REPORT

Form 8

Day *Friday* Date *6 May 1960*

(1) Storeroom Report

	Today	To Date	Last Month To Date	Last Year To Date
Beginning Inventory	\$ 31 223	\$ 30 073	\$ 29,178	\$ 32,733
Purchases	787	2 897	627	1,123
Returns to Storeroom	6	49	12	—
Total Available	\$ 32 016	\$ 33 019	\$ 29,817	\$ 33,856
Issues to Food Dept.	13	76	43	122
Issues to Bars	780	1 706	423	1,865
Steward Sales	—	14	—	8
Ending Inventory	\$ 31 223	\$ 31 223	\$ 29,351	\$ 31,956

(2) Cost Summary

Issues from Cellar	\$ 780	\$ 1 706	\$ 423	\$ 1,865
Less: Returns	6	49	12	—
Beverage Cost	774	1 757	411	1,865
Sales - Members	1 172	2 672	721	2,797
Sales - Employees	—	14	—	8
Total Sales	1 172	2 686	721	2,805
Bar Cost Percentage	65.8%	67.1%	57.1%	66.5%

Fig. 8. Beer and Wine Cost Report Form



Dining room storage cabinet, for white and sparkling wines cooled to 50° F. by forced air, provide waiters with ready access to wines. Each Thermopane glass door has a separate lock, although all operate with the same key. The marble counter top is utilized for wine displays, glass storage, and other uses. In the background is an Italian expresso coffee machine.

if kept therein for a month or more.

Waiters' checks for wine should be controlled in the same manner as individual food checks: signed for as they are issued. Separate checks for wine make things easy for the accounting office, as an adding machine tape can be run of a stack of the day's checks. But separate wine checks aggravate the guests. So wine charges should be indicated on food checks, preferably in a different colored ink. The code number as well as the price should appear.

The accounting office's advantage of separate checks can be accomplished if the wine sales are listed on the back of the check, and just the beverage total transferred to the front of the check for signing or payment.

Pricing for Profits

High prices can seriously retard the sale of wine. It has

been said that before World War I more than 75 percent of wine sales were made in restaurants, hotels, and clubs. Figures indicate that nowadays less than 25 percent of the wine sales of the United States are made in hospitality establishments.

While insufficient promotion of wine is perhaps most responsible for this change, high prices are co-villains. This is particular-

ly true for those guests most likely to purchase wines—those who buy wines for home consumption. They have some knowledge of retail prices, which are usually marked up no more than 35 percent of wholesale.

A 100 percent markup—a doubling of the wine's cost—is ample for the least expensive bottles. And 50 percent might be plenty for wine costing \$4 or more a bottle at wholesale. The reasoning behind this 50 percent markup might be broken down as follows:

	Percent
Having the wine available (Interest on money invested)*	6
Rental of Space	5
Cooling	3
Service (Labor Cost)	15
Bar glassware	5
Breakage	2
Total Expenses	36
Profit	14
Total Markup	50

*Each year the wine list should be reviewed and selling prices for wine still on the list from last year should be increased 5 or 6 percent to cover the cost of money tied up—as wine inventories rarely turn over more than four times a year.

Looking at prices from a dollar-and-cents standpoint:

	Percentage Method	Unit Method
\$1.00 Bottle Cost	\$ 4.00	\$ 4.00
.06 Interest	.24	.24
.05 Rental of Space	.20	.05
.03 Cooling	.12	.03
.15 Service	.60	.15
.05 Bar Glassware	.20	.05
.02 Breakage	.08	.08
\$1.36	Total Expenses \$ 5.44	\$ 4.60
Commission:		
.25* at 25¢ a cork	.25* or	.25*
or	or	or
.20* at 10% of sales	.80*	.60*
.39 Minimum Profit	2.31	.80
\$2.00	Selling Price \$ 8.00	\$ 6.00
19.5%	% of Net Profit 28.8%	13.3%

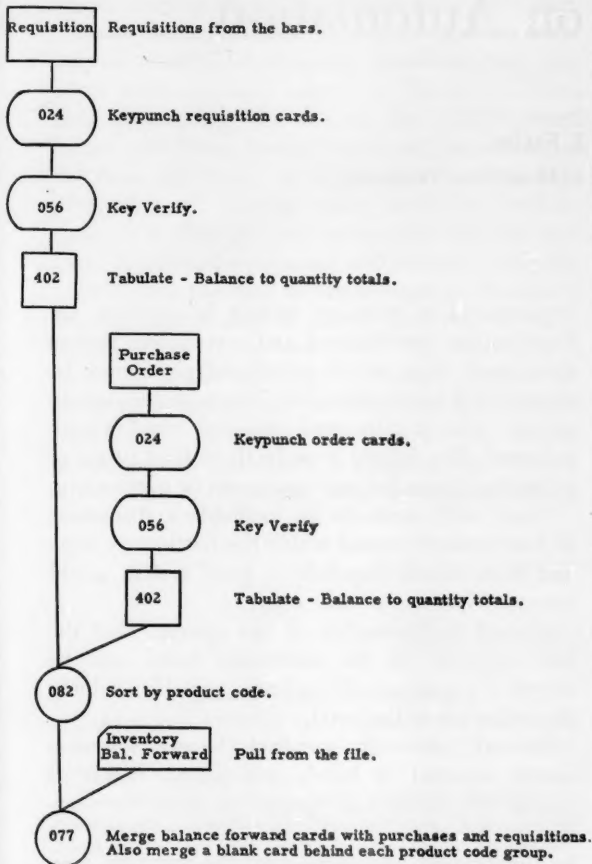
Liquor Inventory

Fig. 9. Diagram for a Mechanical Accounting System for Inventory Control

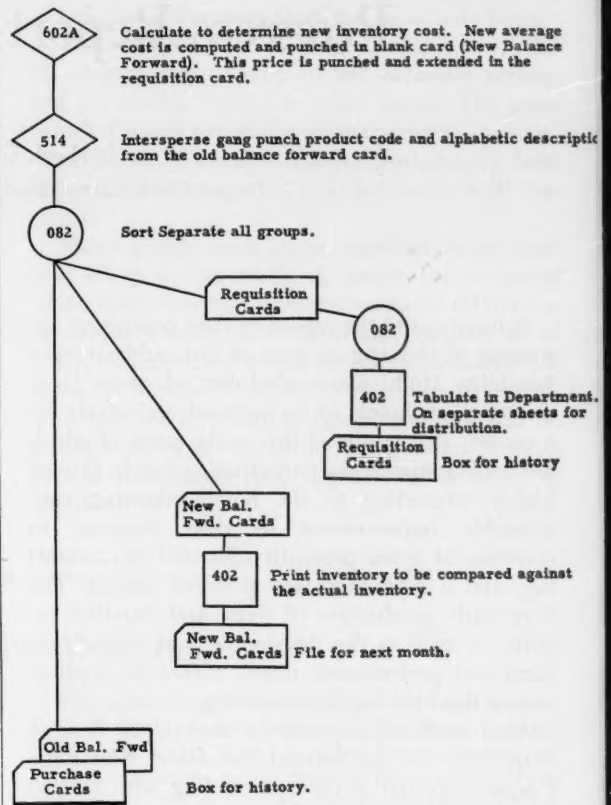


Fig. 10. Diagram for a Mechanical Accounting System to Determine Inventory Value in Dollars

Take your choice of methods. Either method results in an respectable amount of profit—*plus profit!*

The method of applying mark-ups on a sliding scale will pay off in the long run by increasing the gross income as more wines will be sold:

1. It is twice as easy to sell two bottles of wine for \$6 than it is one bottle for \$8.
2. There is more possibility of multiple sales to the same party.
3. Twice as many people will enjoy the two bottles.
4. Two bottles on two different tables at the same time usually sells at least another bottle on a third table.
5. The employee is happier with two commissions, whether figured upon a percentage of sales or at so much a cork, and will try harder.
6. The employee also benefits from the larger base for tip or service charge.
7. Each extra bottle of wine sold decreases the overhead per unit and improves inventory turnover.

Finally, wine lifts any meal out of the ordinary. You know yourself that a pleasant meal with wine has much more staying power in your mind than one without wine.

Pleasant memories of a meal at your place of business is more likely to bring guests back again—for food—and for wine!

Just as a hotel room that is not sold tonight represents revenue that is lost forever, so does the dinner not served with wine. ■

Progress Report on Automation

by Prof. C. I. Sayles

Project Chief, Cornell Study in Hotel Data Processing

Subsequent to the report on data processing appearing in the August issue of this publication, a feasibility study was undertaken of seven large metropolitan hotels to be serviced exclusively by a center. The results of this study, parts of which are confidential to the participating hotels, proved highly interesting to the hotels, showing considerable improvement in their services, in economy of space presently allocated to accounting, and a high increased personal output. The very early production of daily and monthly reports, as well as the development of control devices and performance ratios, makes an application of this kind highly interesting.

As a result of the interest shown, the firm of Fair, Isaac & Co. formed the Hotel Electronic Corporation and is now proceeding with several large hotels in the formation of such a center. Since the firm felt that its continuance as consultant to Cornell University would be ambiguous, this relationship was dropped.

As a continuing study, the School of Hotel Administration is in the midst of preparing a report called "Requirements of a Data Processing System for Hotels," which is now undergoing its first revision. As a companion to this study, there is also being prepared "The MacLennan Outline for Hotel Data Processing." The two studies complement each other, displaying essentially the same material but in different sequences.

One of the troublesome areas in a study of this kind appears in food control. It is rather obvious that before data processing can be applied a system must be in existence or be created. Most systems of food control are not complete because of the hitherto appalling amount of data collection necessary to make them complete. Furthermore, no two systems are completely alike, although the end results are hopefully the same. It is hoped that, with data processing as a tool, ac-

ceptance of a common system by various authorities can be obtained and a complete system developed, from which significant parts may be excerpted if found desirable. This is an area where anyone who is interested can well make a contribution. The School is perfectly willing to act as a clearing house for any comments or suggestions.

There will currently be available a discussion of food control around which the battle may rage, and from which hopefully a good system might emerge. Write in for your copy.

Cornell is thoroughly of the opinion that the best interests of the individual hotel will be served if a system is all-inclusive, capable of doing the entire job of the hotel.

Present indications are that the creation of a center devoted to hotels will permit hotels of around 400 rooms and upward to enjoy the services of such a center. The exact size cannot as yet be determined, of course, and the measure may be, in part, the kind of a hotel it is. The volume of input data or the number of transactions occurring each day may well be the governing factor in size.

The School of Hotel Administration feels strongly that the problem of the small hotel should not be overlooked; nor has it been. Presently, data processing, because of its very nature, best serves the larger hotel. Yet, some of the complexities of large hotels require a more sophisticated solution just because the hotel is large. Where the hotel is small, an easier solution may be found. For example, in a large hotel the breakdown of front office cashier windows into room categories makes it very desirable to permit any cashier ready access to any bill, which in turn seems to mandate expensive "random access memory." Where the hotel is small, this particular problem does not exist, and the "memory" for guest bills might well be solved by some kind of machine-readable voucher sort.

Several possible solutions to the small hotel are under consideration awaiting time for study and possible model creation. Again, these solutions are directed at the entire problem, not just a part.

Since the appearance of earlier reports, a number of national equipment manufacturing concerns have expressed interest in the area of hotel data processing. The School has gladly joined forces with them, feeling that in such a procedure the time will more rapidly approach when data processing will become widely available. Furthermore, it is through such companies that the ultimate in tailored equipment will become available.

IBM was the first to show interest. Presently, this company's staff is deeply involved in a six-month study of a New York City hotel, as a result of which they will produce a system assembly and price it out for hotel customers. IBM's interest and approach are both gratifying, and its investment in this study is considerable. The results, when forthcoming, will be made available

to Cornell and to hotelmen through these pages or releases from the University.

Lateral studies of other hotels will be made to encompass differences from the case-study hotel.

The National Cash Register Company and The Remington Rand Company are currently arranging for similar studies in other hotels. The price which Cornell exacts for its cooperation—namely, publication of results—will be forthcoming here as well. Something can't help but come of all this effort.

Many people have made contributions of time and effort to this study. A simple list of names alone comprises two typewritten pages. Maintaining contact with all of them and keeping all of them informed and aware of our appreciation has been an impossible task. To recognize a few individuals for outstanding contributions would be to slight those not so distinguished. Pending more formal recognition, this opportunity is taken to thank all of you.

Aids in Creative Marketing

Creating "Sales Awareness"

HUMAN RELATIONS AND SALES AWARENESS, American Hotel Association, 221 West 57th Street, New York City 19.

This training manual, made available through the Educational Institute of the American Hotel Association, is directed toward developing "sales awareness" among employees through staff meetings. Thirteen staff meetings are recommended and the manual gives step-by-step procedures for setting them up. Staff sessions run from one to two hours each and may be varied to suit specific requirements. Procedures are outlined to include every employee from the maid to the sales manager.

The training is divided into four main categories: "Preliminary Tips on Conducting Sessions"; "Why Do We Need Sales Awareness?" "What Does Sales Awareness Require?" and "How to Develop Sales Awareness Among Employees."

One of the questions proposed for discussion is "Who Runs the Hotel?" The only correct answer is: "The guests really run the hotel. Everything we do is to please the guest because without guests there would be no need for the hotel or its many services or its employees."

Make Advertising Pay

HOW TO MAKE ADVERTISING PAY FOR HOTELS, MOTELS, AND RESTAURANTS, by Albert E. Koehl. Ahrens Publishing Co., 230 Park Avenue, New York City 17. 138 pp. \$7.50

The author of this clear, easy to read book is president of Koehl, Landis & Landon, Inc., New York advertising firm. Mr. Koehl is widely known for the promotion campaigns he has directed for members of our industry as well as for civic groups and the U.S. Government both in this country and abroad.

The purpose of this informative book is to help persons who operate hotels, resorts, motels, and restaurants understand the basic functions of advertising, how to budget, the role of the advertising agency, the preparation of copy and printing processes.

Mr. Koehl discusses the advantages and uses of different advertising media—newspaper, magazine, outdoor bulletin, radio, television, direct mail. The book contains over 80 illustrations and several case histories which will help the reader develop his promotion campaign. Two aspects of promotion should be of especial interest to his readers: "Promoting Banquet Business," and "Reaching the Foreign Market."

For more than twenty years Mr. Koehl has taught sales promotion in the School of Hotel Administration at Cornell University. His royalties from the sale of this book are to go to the support of the School's scholarship fund.

Marketing and Sales Education

SALESMANSHIP (Modern Viewpoints on Personal Communication), by Steven J. Shaw and Joseph W. Thompson. Henry Holt & Co., Inc., New York, 1960. 419 pp.

This book is a collection of readings in salesmanship designed for the college student and the marketing practitioner. The authors, one a college professor at the University of South Carolina and the other the Director of the School of Hotel, Restaurant and Institutional Administration at Michigan State University, are well known in the field of marketing and sales. Their purpose in publishing such a collection is to round out the sales student's background concerning new ideas and trends.

Among the authors whose work was drawn upon are: S. I. Hayakawa, the semanticist; W. J. E. Crissey, president, Personnel Development, Inc.; Pierre Martineau, director of Research and Marketing for the Chicago Tribune; Dr. Ernest Dichter, president, Institute for Motivational Research, Inc.; and Robert H. Wilkie, merchandising manager, New Departure Division, General Motors Corporation. Several of the articles are reprinted from *The American Salesman* and *Sales Management Magazine*.

The marketing practitioner and the hotel salesman would find it helpful to read this book which has been so thoughtfully and helpfully prepared by Professors Shaw and Thompson.

Dr. Joseph W. Thompson is also the author of a series of ten articles on hotel salesmanship that appeared in *The Hotel Monthly* magazine beginning with the September 1960 number. Hotel managers and salesmen will find numerous helpful suggestions in these articles for laying the background leading up to the sales interview as well as for carrying the sale through to its successful conclusion.

H.S.M.A. Sales Aids

(Address orders and include payment to: Hotel Sales Management Association, 1325 Boardwalk, Atlantic City, New Jersey.)

CONVENTION SOLICITATION—a comprehensive 30-page booklet of information and suggestions on soliciting and securing convention and group business. \$1.00

GROUP SALES MANUAL—a "working book" of procedures, forms, and sources for soliciting, securing, and serving group business. \$7.50

HOTEL LETTERS THAT SELL—340 pages of sales letters and promotion pieces that were judged effective by the experts. \$5.60

FRONT OFFICE SELLING TIPS—a pamphlet detailing helpful hints for improving front office salesmanship and guest relations. 10¢

A Selected List of Government Publications

Address request and enclose check or money order to:

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DIRECTORY OF POST OFFICES—1961 Edition. Issued annually, the Directory includes the following lists:

- A list of postal delivery zone offices
- A list of all post offices, branch post offices, and stations arranged alphabetically by States
- An alphabetical list of all post offices, branch post offices, and named stations
- A list of post offices by States and counties
- A list of number of post offices, by classes, in each State and territory as of July 1, 1961
- A list of Army posts, camps, and stations, and Air Force bases, fields, and installations
- A list of post offices that have been discontinued or had their names changed during the past 2 years

Catalog No. P 1.10/4:961

\$2.25 per copy

1. **DIRECTORY OF NATIONAL ASSOCIATIONS OF BUSINESSMEN**, 1961. Lists more than 2,000 national associations of business firms with name, address, chief executive, year formed, and approximate number of members and size of staff. 1961. 81 p.
Catalog No. C 41.22as 7/961

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2. **A GUIDE TO FOREIGN BUSINESS DIRECTORIES**. The guide is intended for businessmen seeking to identify persons or companies engaged in commerce, a specific industry, or a profession in other countries. Every effort has been made to list the more important publications presenting data on foreign suppliers, industrial establishments, trade associations, individual businessmen, and Government officials. 1955. 132 p.
Catalog No. C 42.2:D 62

45¢

3. **A DIRECTORY OF FOREIGN ORGANIZATIONS FOR TRADE AND INVESTMENT PROMOTION**. Lists and describes the principal governmental and private organizations abroad actively engaged in promoting and facilitating trade and investment in the free world. Names and addresses of these foreign organizations are listed alphabetically by country in the language customary for the country. 1961. 108 p. il.
Catalog No. C 42.2:D 62/2/961

35¢

4. **A DIRECTORY OF FOREIGN ADVERTISING AGENCIES AND MARKETING RESEARCH ORGANIZATIONS**. Presented in this alphabetically arranged roster are the names of general and specialized advertising agencies and marketing research organizations which operate in foreign countries and are in a position to undertake advertising programs and/or marketing research for United States firms interested in foreign trade. 1959. 135 p.
Catalog No. C 42.6/2:Ad 9

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5. **CHANNELS FOR TRADING ABROAD**. Designed particularly for businessmen who are planning to enter the field of exporting or importing for the first time or to expand their trade abroad, this booklet gives a quick look at the principal channels through which successful foreign traders export or import their goods. It suggests methods of selecting these representatives, and gives sources of information about them. It also tells what services in the field of foreign trade are available through the offices of the U.S. Department of Commerce. 1954. 24 p. il.
Catalog No. C 42.2:T 67

25¢

6. **GUIDES FOR THE NEWCOMER TO WORLD TRADE**. Serving as a guide to further study of the many aspects of world trade, this pamphlet points out some of the major problems involved in foreign trade, suggests methods of solving these problems, and furnishes reliable sources of information and aid. 1957, reprinted 1960. 20 p.
Catalog No. C 42.2:T 67/2/rep.

15¢

36. **UNITED STATES GOVERNMENT CORRESPONDENCE MANUAL**. A guide to standard practices in Government correspondence, this manual helps you to prepare communications written from person to person, to punctuate, capitalize, write legal citations, and to prepare special documents. Written to aid those who prepare the thousands of Federal communications issued daily, this manual should prove to be a useful tool for anyone who prepares correspondence. 1960, published 1961. [116] p. il. Issued in looseleaf form with dividers.
Catalog No. GS 1.6/6:C 81

\$1.50 per set



Dr. G. W. Lattin, School of Hotel Administration at Cornell, addresses a recent hotel management workshop on "The Future of Resort Hotels."

Stage II in the Forward Look for Resort Hotels

Cornell's Eighth Annual Hotel Management Workshop

Sponsored by the American Hotel Association, the New York State Hotel Association, and the School of Hotel Administration at Cornell.

January 15-19, 1962

Dr. Ernest Dichter, psychologist and acknowledged "father of motivational research," will discuss how to attract guests to resort hotels.

Paul J. C. Friedlander, Travel Editor of the *New York Times*, will discuss the U.S. Travel Agency and Its Potential for Resorts.

A. A. Landis of the advertising firm of Koehl, Landis & Landon, Inc., New York City will present advertising and promotion for the resort hotel.

Dean James Taylor, School of Business, University of Houston, will speak on motivating and supervising employees.

Prominent resort hotelmen named below will discuss such topics as: Management Tools, Attracting and Handling Convention Business, Menu Research and Promotion, The American Plan and How to Merchandise it, and Guest Relations

Alan Mitcheltree, Hidden Valley Ranch, Lake Luzerne, New York

James Barker Smith, president of Wentworth-by-the-Sea (New Hampshire)

Millard Bennett, manager of the Arizona Inn, Tucson, Arizona

Harold Severance, owner of Severance Lodge, Centre Lovell, Maine

Robert Neal, vice president-general manager, Key Biscayne Hotel & Villa, Florida

Angus MacDonald, The Jug End in the Berkshires, South Egremont, Mass.

Speakers from the Cornell University faculty will be:

Dr. Gerald Lattin: Prognosis of the Resort Industry, Stage II

Prof. Matthew Bernatsky: Food and Beverage Merchandising

Prof. C. H. Freeman: More Effective Public Speaking

Prof. John Sherry (also counselor-at-law in New York City): Legal Problems.

Mr. George F. Grandi (Weekapaug Inn, Rhode Island) will be the moderator.

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